

PROSPECTUS

ABBEY NATIONAL TREASURY SERVICES plc
(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY, REGISTERED NUMBER 2338548)
(AS ISSUER OF NOTES)

Euro 2,000,000,000
STRUCTURED NOTE PROGRAMME
Unconditionally and irrevocably guaranteed by

ABBEY NATIONAL plc
(INCORPORATED IN ENGLAND WITH LIMITED LIABILITY, REGISTERED NUMBER 2294747)
(AS GUARANTOR OF NOTES)

Abbey National Treasury Services plc (the “**Issuer**”) may from time to time issue notes and other similar instruments (the “**Notes**”) denominated in any currency as agreed between the Issuer and the relevant Dealer (as defined below) under this Euro 2,000,000,000 Structured Note Programme (the “**Programme**”). This Prospectus is valid for a period of 12 months from the date hereof. Any Notes issued under the Programme by the completion of the Final Terms on or after the date of this Prospectus are issued subject to the provisions hereof. “**Final Terms**” means the terms set out in a Final Terms supplement substantially in the form set out in this Prospectus.

This Prospectus has been approved by the United Kingdom Financial Services Authority (the “**FSA**”) which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in the United Kingdom, as a base prospectus (the “**Base Prospectus**”) issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Notes under the Programme during the period of 12 months after the date hereof.

Application has been made to the FSA in its capacity as competent authority (the “**UK Listing Authority**”) under the UK Financial Services and Markets Act 2000 (the “**FSMA**”) for Notes issued under the Programme to be admitted to the official list of the UK Listing Authority (the “**Official List**”). In respect of Notes to be admitted to the Official List, application has also been made to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Gilt Edged and Fixed Interest Market.

The London Stock Exchange’s Gilt Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EC (the “**Investment Services Directive**”).

The payment of all amounts payable in respect of the Notes will be unconditionally and irrevocably guaranteed by Abbey National plc (the “**Guarantor**”).

Notes may be issued in bearer or registered form (respectively “**Bearer Notes**” and “**Registered Notes**”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed Euro 2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “**Summary of the Programme**” and any additional Dealer appointed under the Programme

from time to time (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes, and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in the terms and conditions “**Terms and Conditions**”) of Notes will be set out in the applicable Final Terms which, with respect to Notes to be admitted to the Official List and to be admitted to trading on the London Stock Exchange’s Gilt Edged and Fixed Interest Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be unlisted or listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer and specified in the Final Terms.

See “Risk Factors” (page 15) for a discussion of factors which may affect the Issuer’s and the Guarantor’s ability to fulfil its obligations under Notes issued under the Programme and under the Guarantee, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme, and certain factors to be considered in connection with an investment in Credit Linked Notes, Equity Linked Notes, Index Linked Notes (each as defined herein) or other structured Notes which may be issued under the Programme.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. See “Form of the Notes” for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer. See “Subscription and Sale and Transfer and Selling Restrictions”.

Arranger

ABBEY NATIONAL TREASURY SERVICES PLC

Dealers

ABBEY NATIONAL TREASURY SERVICES PLC

BANCO SANTANDER CENTRAL HISPANO, S.A.

The date of this Prospectus is 28 March 2007

In this document references to “**ANTS**” and references to the “**Issuer**” are references to Abbey National Treasury Services plc; references to “**Abbey National**” and the “**Guarantor**” are references to Abbey National plc; and references to the “**ANTS Group**” are references to ANTS and its subsidiaries and references to the “**Abbey National Group**” and the “**Group**” are references to Abbey National and its subsidiaries.

The Issuer and the Guarantor (the “Responsible Persons”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the

information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any reference in this Prospectus to Base Prospectus means this Prospectus.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference in this Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to or for the account or benefit of U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

To ensure compliance with United States Treasury Department Circular 230, Noteholders are hereby notified that: (a) any discussion of federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon, by Noteholders for the purpose of avoiding penalties that may be imposed on Noteholders under the Internal Revenue Code; (b) such discussion is included herein by the Issuer in connection with the promotion or marketing (within the meaning of Circular 230) by the Issuer of the transactions matters addressed herein; and (c) Noteholders should seek advice based on their particular circumstances from an independent tax advisor.

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuer, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes outside the European Economic Area or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Spain, Portugal, Italy, Argentina, Brazil, Mexico and Chile "Subscription and Sale and Transfer and Selling Restrictions".

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their respective affiliates.

None of the Dealers, the Issuer, the Guarantor and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable

laws. Any investor in the Notes should satisfy itself that it is able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Purchasers of such Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Notes and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Notes are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity, Underlying Company (each as defined in the Terms and Conditions) and the information relating to any underlying equity security, index, debt security, credit, currency exchange rate, commodity, commodity index or other item(s) (each a "Reference Item") and the level or fluctuation of any indices or formulae.

U.S. INFORMATION

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs (as defined under “Form of the Notes”) for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from the registration requirements under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together “Restricted Notes”) will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “Subscription and Sale and Transfer and Selling Restrictions”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “Form of the Notes”.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a licence has been filed under Chapter 421-B of the New Hampshire revised statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under Chapter 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

AVAILABLE INFORMATION

If the Guarantor ceases to be a reporting company under the Exchange Act (as defined below), to permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities

Act, the Issuer has undertaken in the Trust Deed to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and the Guarantor are neither reporting companies under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Guarantor is currently a reporting company under the Exchange Act.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Guarantor are companies incorporated in England. All of their directors reside outside the United States and all or a substantial portion of the assets of the Issuer and the Guarantor are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England upon the Issuer or the Guarantor, or to enforce judgments against them obtained in the United States predicated upon civil liabilities of the Issuer or the Guarantor or such directors under laws other than English including any judgment predicated upon United States federal securities laws. The Issuer and the Guarantor have been advised by Slaughter and May, their English solicitors that there is doubt as to the enforceability in England in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references in this document to "Euro", "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, to "U.S. dollars", "U.S.\$" and "\$" are to the currency of the United States of America and to "Sterling" and "£" are to the currency of the United Kingdom.

Until 1st January, 2005 the Issuer and the Guarantor maintained their financial books and records and prepared their financial statements in Sterling in accordance with generally accepted accounting principles in the United Kingdom ("UK GAAP"). From 1st January, 2005 the Issuer and the Guarantor maintains their financial books and records and prepare their financial statements in Sterling in accordance with International Financial Reporting Standards ("IFRS"). UK GAAP and IFRS differ in certain important respects from generally accepted accounting principles in the United States.

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE	9
SUMMARY OF THE PROGRAMME	11
RISK FACTORS	15
FORM OF THE NOTES	25
TERMS AND CONDITIONS OF THE NOTES	58
USE OF PROCEEDS	168
ABBEY NATIONAL TREASURY SERVICES PLC	169
ABBEY NATIONAL PLC AND THE ABBEY NATIONAL GROUP	171
BOOK-ENTRY CLEARANCE SYSTEMS	174
TAXATION	179
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS	185
GENERAL INFORMATION	194

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been approved by the FSA or filed with it shall be deemed to be incorporated in, and to form part of, this Prospectus and the Base Prospectus set out in this Prospectus and approved by the FSA for the purpose of the Prospectus Directive:

- (1) the audited consolidated annual financial statements of the Issuer for the financial year ended 31st December 2006, which appear on pages 5 to 50 of the Issuer's Annual Report and Accounts for the year ended 31st December 2006;
- (2) the audited consolidated annual financial statements of the Issuer for the financial year ended 31st December 2005, which appear on pages 4 to 62 of the Issuer's Annual Report and Accounts for the year ended 31st December 2005;
- (3) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December 2006, which appear on pages 65 to 159 of the Guarantor's Annual Report and Accounts for the year ended 31st December 2006; and
- (4) the audited consolidated annual financial statements of the Guarantor for the financial year ended 31st December 2005, which appear on pages 84 to 164 of the Guarantor's Annual Report and Accounts for the year ended 31st December 2005,

provided also that any statement contained in a document all or the relevant portion of which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), (provided, however, that such statement shall only form part of the Base Prospectus to the extent that it is contained in a document all or the relevant portion of which is incorporated by reference by way of a supplement proposed in accordance with Article 16 of the Prospectus Directive). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. The Issuer and the

Guarantor have undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale and Transfer and Selling Restrictions” herein) that they will comply with section 87 of the FSMA.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Prospectus and any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.

Issuer: Abbey National Treasury Services plc

Guarantor: Abbey National plc

Description of Issuer and Guarantor: The Guarantor is the parent company of the Abbey National Group which provides financial services in the U.K. The Guarantor was incorporated in England and Wales in 1988. The Issuer is a wholly owned subsidiary of the Guarantor and was incorporated in England and Wales in 1989. The Guarantor and the Issuer form part of Grupo Santander.

Risk Factors: There are certain factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations under Notes issued under the Programme. These are set out under “Risk Factors” below and include risks concerning borrower credit quality, general economic conditions, operational risk and risks relating to the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see “Risk Factors”).

Description: Structured Note Programme

Arranger: Abbey National Treasury Services plc

Dealers: Abbey National Treasury Services plc and Banco Santander Central Hispano, S.A.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale and

Transfer and Selling Restrictions”).

Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	Citibank, N.A., London.
Registrar:	Citigroup Global Markets Deutschland AG & Co. KGaA.
Programme Size:	Up to Euro 2,000,000,000 (or its equivalent in the relevant currency) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	The Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Any currency indicated in the applicable Final Terms.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated and will detail the relevant provisions applicable to any such redenomination, and any renominatisation, reconventioning and/or consolidation with other Notes denominated in such redenominated denomination.
Maturities:	Subject to any applicable legal or regulatory restrictions and the rules from time to time of any relevant central bank (or equivalent body), such maturity as indicated in the applicable Final Terms.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer or registered (or inscribed) form as described in “Form of the Notes”. Notes issued in bearer form may also be issued in new global note (NGN) form. Registered Notes will not be exchangeable for Bearer Notes or <i>vice versa</i> .
Type of Notes:	The types of Notes that may be issued under the Programme will include the following: <ul style="list-style-type: none"> (i) Equity Linked Notes, being Notes in respect of an equity security; (ii) Single Index Notes, being Notes relating to a particular index; (iii) Equity Basket Notes, being Notes in respect of a basket of equity securities; (iv) Basket of Indices Notes, being Notes in respect of a basket

of indices;

- (v) **Currency Linked Notes**, being Notes relating to a particular currency or currency pair;
- (vi) **Credit Linked Notes**, being Notes relating to the credit of a Reference Entity or Entities, or a Reference Obligation or a basket of Reference Obligations; and
- (vii) **Commodity Linked Notes**, being Notes relating to a particular commodity or commodities or, a particular index or indices comprising various commodities.

Other types of Notes may from time to time be issued under the Programme. Any such other Notes will be designated "**Non-Standard Notes**", and the Final Terms pertaining to the issue of any such Non-Standard Notes will specify all the terms and conditions applicable thereto, which may or may not include certain or all of the terms and conditions set out in the Terms and Conditions contained herein.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default or a credit event) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity or automatically upon the occurrence of certain specified events and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer and indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Denomination of Notes:

Notes will be issued in such denominations as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

No sales of Restricted Notes in the United States to any one purchaser will be for less than U.S.\$100,000 (or its equivalent in the relevant currency).

Taxation:

All payments in respect of the Notes will be made without withholding of or deduction for or on account of taxes imposed by the relevant tax jurisdiction, subject as provided in Condition 12 (*Taxation*). In the event that any such withholding or deduction is required by law, the Issuer or, as the case may be, the Guarantor will, save in certain

circumstances provided in Condition 12 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

- Status of the Notes: The Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank without preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.
- Guarantee: The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will constitute direct, unconditional and unsecured obligations of the Guarantor and will rank without any preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.
- Rating: If any issue of Notes under the Programme is to be rated, the rating of such Notes will be specified in the applicable Final Terms.
- Listing: Application has been made for Notes issued under the Programme to be admitted to the Official List and trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. The Notes may also be listed on such other or further stock exchange(s) as indicated in the applicable Final Terms in relation to each Series.
- Unlisted Notes may also be issued.
- The applicable Final Terms will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
- Governing Law: The Notes will be governed by, and construed in accordance with, English law.
- Selling Restrictions: There are restrictions on the offer, sale and transfer of Notes in certain jurisdictions, including in the United States, the European Economic Area, the United Kingdom, Spain, Portugal, Italy, Argentina, Brazil, Mexico and Chile and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "Subscription and Sale and Transfer and Selling Restrictions").

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their respective obligations under the Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Business Risk Factors

In this context the following specific risks have been identified as areas of focus:

Risks concerning borrower credit quality and general economic conditions are inherent in the Group's business

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in UK or global economic conditions, or arising from systemic risks in the financial systems, could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts. Deterioration in the UK economy could reduce the profit margins for the Group's banking and financial services businesses.

Market risks associated with fluctuations in interest rates, foreign exchange rates, bond and equity prices and other market factors are inherent in the Group's business

The most significant market risks the Group faces are interest rate, foreign exchange and bond and equity price risks.

Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Over the last year the Group experienced a reduction in its interest rate spread. Should interest rate spreads continue to decrease this could adversely affect the Group's profit from banking operations. Changes in currency rates, particularly in the Sterling U.S. dollar and Sterling Euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies and affect earnings reported by the Group's non-UK businesses. The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios. In addition, the Group is exposed to changes in the equity markets through its final salary pension scheme (closed to new entrants in

2002) and its life assurance funds including the requirement to maintain a minimum solvency margin.

The Group has implemented risk management methods to mitigate and control these and other market risks to which the Group is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.

Operational risks are inherent in the Group's business

The Group's businesses depend on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate or failed internal control processes, people and systems, or from external events that interrupt normal business operations.

The Group's businesses are subject to substantial legislation, regulatory and governmental oversight

The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates and in Spain, as a result of being a wholly owned subsidiary of Banco Santander Central Hispano, S.A.. Changes in supervision and regulation, in particular in the UK, could materially affect the Group's business, the products and services offered or the value of assets. Although the Group works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Group.

The resolution of a number of issues affecting the UK financial services industry, including the Group, could have a negative impact on the Group's results on operations or on its relations with some of its customers and potential customers.

Risks associated with strategic decisions regarding organic growth, the competitive environment and potential acquisitions and disposals

The Group devotes substantial management and planning resources to developing strategic plans for organic growth and identifying possible acquisitions and disposals including the restructuring of the Group's businesses. If the outcome of these plans do not match expectations, the Group's earnings may not develop as forecast. In addition, the market for UK financial services and the other markets within which the Group operates are highly competitive; the Group's ability to generate an appropriate return depends significantly upon management's response to the competitive environment.

Risks associated with the disposal of the Group's assets or businesses

Certain businesses are being managed for exit by the Group. In some cases this involves the sale of assets and/or businesses. Based on information currently available to the Group, the value of these assets or businesses shown in the Group's financial statements reflect management's best estimate of their current value. The Group believes these values will be close to ultimate disposal values. However there is an inherent uncertainty in predicting the ultimate sales value. As a result the Group may incur losses on disposal or further amounts to

be written off fixed asset investments and/or increases in provisions, therefore reducing the Group's profitability.

Risks relating to the Notes

In this context the following specific risks have been identified as areas for focus:

The Issuer and the Guarantor cannot assure a trading market for the Notes will ever develop or be maintained

The Issuer may issue Notes in different series with different terms in amounts that are to be determined. Such Notes may be unlisted or listed on a recognised stock exchange and there can be no assurance that an active trading market will develop for any series of Notes. There can also be no assurance regarding the ability of Noteholders to sell their Notes or the price at which such holders may be able to sell their Notes. If a trading market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price and this may result in a return that is greater or less than the interest rate on the Notes, depending on many factors, including:

- the Group's financial results;
- any change in the Issuer's or the Guarantor's creditworthiness;
- the market for similar securities;
- the complexity and volatility of the index or formula applicable to the Notes;
- the method of calculating the principal, premium and interest in respect of the Notes;
- the time remaining to the majority of the Notes;
- the outstanding amount of the Notes;
- the redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes; and
- the level, direction and volatility of market interest rates generally.

In addition, certain Notes have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Notes. This may affect the price an investor receives for such Notes or the ability of an investor to sell such Notes at all.

Risks associated with redemption of the Notes

If the applicable Final Terms specify that the Notes are redeemable at the option of the Issuer, or are otherwise subject to mandatory redemption, the Issuer may (in the case of optional redemption) or must (in the case of mandatory redemption) choose to redeem such Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

The yield to maturity of the Notes may be adversely affected by redemptions by the Issuer

The yield to maturity of each series of Notes will depend mostly on: (i) the amount and timing of the repayment of principal on the Notes and (ii) the price paid by the Noteholders of each series. The yield to maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of redemptions on the Notes.

The Notes are subject to selling and transfer restrictions that may affect the existence and liquidity of any secondary market in the Notes

The Notes have not been, and will not be, registered under the Securities Act or any other securities laws. Accordingly, the Notes are subject to certain restrictions on the resale and other transfer thereof as set forth under “Subscription and Sale and Transfer and Selling Restrictions”. As a result of such restrictions, the Issuer and the Guarantor cannot be certain of the existence of a secondary market for the Notes or the liquidity of such market if one develops. Consequently, a Noteholder must be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

The Issuer and the Guarantor may rely on third parties and the Noteholders may be adversely affected if such third party fails to perform their obligations

The Issuer and the Guarantor may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, a paying agent has agreed to provide payment services in connection with the Notes; and Euroclear and Clearstream, Luxembourg have in respect of Bearer Global Notes in NGN form, agreed, inter alia, to accept such Bearer Global Notes as eligible for settlement and to properly service the same, and to maintain up to date records in respect of the total amount outstanding of such Bearer Global Notes in NGN form. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, the Issuer and the Guarantor cannot assure the Noteholders that this would not adversely affect payments on the Notes

It is possible that prior to the maturity of the Notes the United Kingdom may become a participating member state in the European economic and monetary union and the Euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro; (ii) applicable provisions of law may allow or require the Issuer to re-denominate such Notes into Euro and take additional measures in respect of such Notes; and (iii) the introduction of the Euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom would have on investors in the Notes.

Risks relating to:

General Considerations

The Notes involve a degree of risk, which may include interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as other risks arising from fluctuations in the values of the relevant securities (or basket of securities), index (or basket of indices), commodity (or commodity index) or other Reference Item(s) which may be specified in the applicable Final Terms, and general risks applicable to the stock market (or markets) and capital markets.

In order to realise a return upon an investment in a Note, an investor must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease in the value of the relevant Reference Item(s) relative to the Issue Price and must also be correct about when any change will occur. If the value of the Reference Item(s) does not increase, or decreases, as the case may be, before such Note is redeemed, part of the investor's investment in such Note may be lost on such redemption. Other than in respect of Notes which are redeemable prior to the Maturity Date at the option of the Noteholder, the only means by which a Noteholder can realise value from its Notes prior to their Maturity Date is to sell such Notes at their then market price in the secondary market (if available) (see "The Issuer and the Guarantor cannot assure a trading market for the Notes will ever develop or be maintained" above).

Fluctuations in the value of the relevant index or basket of indices (including the prices of securities included in an Index or Basket of Indices) will affect the value of Single Index Notes and Basket of Indices Notes. Fluctuations in the price of the relevant equity security or value of the basket of equity securities will affect the value of Equity Linked Notes and Equity Basket Notes. In both these cases and in the case of Currency Linked Notes, fluctuations in the value of the currency or currencies in or to which the Notes or the Underlying Securities or Index are denominated or linked will also affect the value of such Notes. Also, due to the character of the particular markets on which most equity securities are traded, the absence of last sale information and the limited availability of quotations for such equity securities may make it difficult for many investors to obtain timely, accurate data for the price or yield of such equity securities.

The occurrence of certain events or circumstances, in each case as specified in the applicable Final Terms, will affect the value of Credit Linked Notes. Upon the occurrence of a Credit Event, the Issuer may, at its option, redeem the relevant Credit Linked Notes in which case the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Obligation(s) and/or to deliver the Reference Obligation(s) and upon the payment of such amounts or the delivery of such Reference Obligation(s) any claims or rights of the Noteholders relating to payment shall be extinguished. The Issuer's obligations in respect of Credit Linked Notes are not dependent on the existence of credit exposure of the Issuer to a Reference Entity and the Issuer need not itself suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Fluctuations in the value of a Relevant Commodity or Commodity Index may affect the value of Commodity Linked Notes. Further risks associated with a Relevant Commodity or Commodity Index related to any Commodity Linked Notes will be included in the relevant Final Terms.

Prospective investors in Notes should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration of the suitability of such Notes in the light of their particular financial circumstances, the information set forth herein and any other available information regarding the relevant Notes and the Reference Item(s) to which the value of such Notes may relate. Where the Issuer is required to redeem the

Notes prior to the Maturity Date at the option of the Noteholders an investor should understand the consequences of liquidating any investment in the Notes by redeeming such investment as opposed to selling it. This includes knowing when the Notes are redeemable and how to redeem them.

The Issuer may vary the manner in which a particular series of Notes are redeemed. At its sole and unfettered discretion, it may elect not to pay the relevant Noteholders the Redemption Amount or the Early Redemption Amount, as the case may be, or to deliver or procure delivery of the relevant Underlying Securities or Deliverable Obligations to the relevant Noteholders, as the case may be, and in lieu thereof, deliver or procure the delivery of the relevant Underlying Securities or Deliverable Obligations or make payment of the Redemption Amount or the Early Redemption Amount on the Maturity Date or the Early Redemption Payment Date, as the case may be, to the relevant Noteholders. See Condition 7 (*Redemption*) below.

Purchasers of such Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Notes and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Notes are solely responsible for making their own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity or Reference Item and the level or fluctuation of any indices or formulae.

Disrupted Days and Disruption Events

Where the Notes are Equity Linked Notes, Equity Basket Notes, Single Index Notes or Basket of Indices Notes, and Market Disruption Event is specified as applying in the applicable Final Terms, the Determination Agent may determine that Market Disruption Event giving rise to a Disrupted Day has occurred at any relevant time. Where the Notes are Currency Linked Notes, the Determination Agent may determine that a Disruption Event has occurred at any relevant time. Where the Notes are Commodity Linked Notes, the Determination Agent may determine that a Commodity Market Disruption Event has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay settlement in respect of the Notes. Prospective purchasers should review the Terms and Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes. See “Time Lag After Redemption” and Condition 9 (*Rights of the Issuer on a Disrupted Day or Disruption Event*) below.

Settlement Risk

Where the Notes provide for physical delivery, the Issuer may determine that a Settlement Disruption Event is subsisting. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes.

Certain Factors Affecting the Value and Trading Price of Notes

Generally, Notes offer investment diversification opportunities, but also pose some additional risks with regard to interim value. The interim value of the Notes varies with the price and/or

level of the Reference Item and is affected by a number of other factors, including but not limited to:

- (i) the value and volatility of the Reference Item(s);
- (ii) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;
- (iii) in the case of Credit Linked Notes, the creditworthiness of the specified reference entity or entities;
- (iv) market interest rates;
- (v) fluctuations in currency exchange rates;
- (vi) fluctuations in commodities prices;
- (vii) the liquidity of the Notes or any Reference Item(s) in the secondary market;
- (viii) the time remaining to any redemption date or the maturity date; and
- (ix) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item or Notes may be traded.

There can be no assurance that a Noteholder will be able to sell any Notes prior to maturity at a price equal to or greater than the market value of the Notes on the Issue Date and such Noteholder may only be able to sell Notes at a discount, which may be substantial, to the Issue Price. The past performance of any Reference Item should not be taken as an indication of the future performance of that Reference Item during the term of any Note.

Noteholders may lose the value of their entire investment or part of it, as the case may be.

No Claim against any Reference Item

A Note will not represent a claim in respect of any Reference Item and, in the event that the amount paid by the Issuer on redemption of the Notes is less than the principal amount of the Notes, a Noteholder will not have recourse under a Note to any Reference Item.

Limitations on Redemption

If so indicated in the applicable Final Terms, the Issuer will have the option to limit the number of Notes which Noteholders (whether or not acting in concert) may require the Issuer to redeem at any one time to the maximum number specified in those Final Terms (see Condition 11 (*Limits on number of Notes that can be redeemed*)). In the event that the total number of Notes which Noteholders have requested the Issuer to redeem on any date exceeds such maximum number and the Issuer elects to limit the number of Notes redeemable on such date, a Noteholder may not be able to redeem all the Notes that such holder desires to redeem on such date. Notes to be redeemed on such date will be selected on a pro rata basis (unless otherwise specified in the applicable Final Terms). Unless otherwise specified in the applicable Final

Terms, the Notes in respect of which the Issuer has received requests for redemption from Noteholders but which are not redeemed on such date will be redeemed on the next date on which Notes may be redeemed, subject to the same daily maximum limitation and delayed redemption provisions.

If so indicated in the applicable Final Terms, the number of Notes which a Noteholder may request the Issuer to redeem on any day may be subject to a specified minimum number of Notes and thereafter to specified integral multiples of Notes. Thus, Noteholders with fewer than the specified minimum number of Notes or specified multiples thereof will either have to sell their Notes or purchase additional Notes, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Notes incur the risk that there may be differences between the trading price of such Notes and the Redemption Amount or Early Redemption Amount, as the case may be, or the value of any Reference Item which the Issuer elects to deliver on redemption of such Notes.

Subject to the immediately following paragraph, when the Issuer elects to deliver Underlying Securities, Notes may only be redeemed in such amounts as will ensure that the number of Underlying Securities to be delivered is equal to an integral multiple of the minimum board lot for the trading of the Underlying Securities on the relevant Exchange as from time to time specified by such Exchange (a “**Board Lot**”) (see Condition 11 (*Limits on number of Notes that can be redeemed*)). Noteholders who request that the Issuer redeem a holding of Notes which would not result in the purchase of a number of Underlying Securities equal to an integral multiple of the relevant Board Lot, will receive the maximum number of Underlying Securities equivalent to the maximum permissible integral multiple of a Board Lot and may be entitled to a payment in lieu thereof at the option of the Issuer in respect of the remaining Underlying Securities unless any such payment is of a de minimis amount, in which case Noteholders shall not receive anything in respect of the remaining Notes. Noteholders will, therefore, either have to sell their Notes or purchase additional Notes, incurring transaction costs in either case, in order to realise their investment.

Time Lag After Redemption

Unless otherwise specified in the relevant Final Terms, in the case of Notes which the Issuer is required to redeem prior to the Maturity Date at the option of the Noteholder, there will be a time lag between the time a Noteholder gives the instruction to redeem and the time the applicable Early Redemption Amount is determined by the Determination Agent. Such time lag could be significantly longer, however, particularly in the case of a delay in the redemption of Notes due to there being a limit on the maximum number of Notes redeemable on any one day, following the imposition of any exchange controls or similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies), or following a determination by the Issuer, or the Determination Agent, as applicable, that there is any Settlement Disruption Event or that a Disrupted Day has occurred. The applicable Early Redemption Amount may change significantly during any such period, and such movement or movements could decrease the Early Redemption Amount, and may result in a Noteholder not realising a return on an investment in the Notes.

Hedging

In connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In

connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Item(s) or related derivatives which may, but are not intended to, affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interest of the relevant Noteholders.

Termination of the Notes in the Event of Unlawfulness or Impracticability

If the Determination Agent determines that the performance of the obligations of the Issuer or the obligations of the Guarantor under the Notes, or any arrangements made to hedge the Issuer's obligations under the Notes, is unlawful or shall become unlawful in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, the Issuer may terminate the Notes by paying each holder of such Notes an Early Redemption Amount (see Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) below). Such termination may result in an investor not realising a return on an investment in the relevant Notes.

Potential Conflicts of Interest

The Issuer and its affiliates may engage in trading and market-making activities and may hold long or short positions in the relevant Reference Item(s) and other instruments or derivative products based on or related to the relevant Reference Item(s) for their proprietary accounts or for other accounts under their management. The Issuer may also issue Notes in respect of the relevant Reference Item(s) which are securities, or issue derivative instruments in respect thereof. To the extent that the Issuer, directly or through its affiliates, serves as issuer, agent, manager or underwriter of such securities or other instruments, its interests with respect to such products may be adverse to those of the Noteholders. The Issuer or their affiliates may also act as underwriter in connection with future offerings of securities which comprise the Reference Items or may act as financial advisors to certain Underlying Companies or Reference Entities. Such activities could present certain conflicts of interest, could influence the prices of such Reference Items and could adversely affect the value of the Notes.

Commodity Linked Notes

Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the United States Commodity Futures Trading Commission ("**CFTC**") as a commodity pool operator. Because any Commodity Linked Notes issued will not be regulated by the CFTC as a commodity pool, the Issuer will not be registered with the CFTC as a commodity pool operator, and the Noteholders will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools.

Commodity Indices to which Commodity Linked Notes may be indexed may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the United States Commodity Exchange Act, as amended, or other applicable

United States or foreign statutes and related regulations, that govern trading on regulated futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the applicable Commodity Index may be subject to certain risks not presented by most exchange-related futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

Consequences of €50,000 plus €1,000 denominations: stub amounts

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form or registered (or inscribed) form. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be initially represented by either a temporary bearer global note (a “**Temporary Bearer Global Note**”) or a permanent bearer global note (a “**Permanent Bearer Global Note**”) and, together with the Temporary Bearer Global Note, the “**Bearer Global Notes**”) as indicated in the applicable Final Terms of the Notes, which, in either case, will:

- (i) if the Bearer Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”); and
- (ii) if the Bearer Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note (if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

In respect of each Tranche of Notes in respect of which a Temporary Bearer Global Note is issued, on and after the date (the “**Exchange Date**”) which is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for either:

- (i) interests in a Permanent Bearer Global Note of the same Series, or
- (ii) Definitive Bearer Notes (as defined in the Terms and Conditions) of the same Series (as defined in the Terms and Conditions) with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms).

In each case such exchange shall be made against certification of beneficial ownership as described above, unless such certification has already been given. Purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note (if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either:

- (1) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent, or
- (2) only upon the occurrence of an Exchange Event (as defined below).

No Definitive Bearer Notes will be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

For these purposes, "**Exchange Event**" means that:

- (1) an Event of Default (as defined in Condition 14 (*Events of Default and Enforcement*)) has occurred and is continuing;
- (2) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer, the Principal Paying Agent and the Trustee is available; or
- (3) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer or the Guarantor may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

In relation to any Tranche of Notes under the Programme, the Issuer may issue Notes of a minimum authorised denomination of €50,000 and integral multiples of €1,000 (or such other amount as is specified in the applicable Final Terms) in excess thereof up to and including €99,000 (or such other amount as is specified in the applicable Final Terms). In such case, no Notes in definitive form will be issued with a denomination above €99,000 (or such other amount as is specified in the applicable Final Terms). So long as such Notes are represented by a Temporary Bearer Global Note or Permanent Bearer Global Note and the relevant clearing systems so permit, the Notes will be tradeable only in the minimum authorised denomination of €50,000 and higher integral multiples of €1,000 (or such other amount as is specified in the applicable Final Terms), notwithstanding that no Definitive Bearer Notes will be issued with a denomination above €99,000 (or such other amount as is specified in the applicable Final Terms).

If a Global Bearer Note is exchangeable for a Definitive Bearer Note at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (as defined in the Terms and Conditions) (or if more than one Specified Denomination, the lowest Specified Denomination).

Registered Notes

Registered Notes may be offered and sold in reliance on Regulation S or in reliance on Rule 144A.

Registered Notes offered and sold in reliance on Regulation S may only be offered and sold to non-U.S. persons outside the United States and will initially be represented by a global note in registered form, without receipts, interest coupons or talons (a “**Regulation S Global Note**”) which will be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the Distribution Compliance Period (as defined in Terms and Conditions) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream,

Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes offered and sold in reliance on Rule 144A may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“**QIBs**”) and will be represented by a global note in registered form, without receipts, interest coupons or talons (a “**Rule 144A Global Note**” and, together with a Regulation S Global Note, the “**Registered Global Notes**”) which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“**DTC**”).

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Registered Notes (as defined in the Terms and Conditions).

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person(s) shown on the Register on the relevant Record Date (each as defined in Condition 6.4 (*Payments in respect of Registered Notes*)) as the registered holder(s) of the Registered Global Notes. None of the Issuer, the Guarantor, the Trustee, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that:

- (1) an Event of Default (as defined in Condition 14 (*Events of Default and Enforcement*)) has occurred and is continuing;
- (2) in the case of Notes represented by a Rule 144A Global Note only, DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system satisfactory to the Issuer, the Principal Paying Agent, the Registrar and the Trustee is available;
- (3) in the case of Notes represented by a Rule 144A Global Note only, DTC has ceased to constitute a clearing agency registered under the Exchange Act or in the case of Notes represented by a Regulation S Global Note only, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a

continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer, the Principal Paying Agent, the Registrar and the Trustee is available; or

- (4) the Issuer or the Guarantor has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (4) above, the Issuer or the Guarantor may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “Subscription and Sale and Transfer and Selling Restrictions”.

General

Pursuant to the Agency Agreement (as defined under the Terms and Conditions), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period (as defined in the Terms and Conditions) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held on behalf of or, as the case may be, registered in the name of a common nominee for, Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Paying Agents, the Transfer Agents and the Registrar as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Regulation S

Global Note shall be treated by the Issuer, the Guarantor, the Trustee, the Paying Agents, the Transfer Agents and the Registrar as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

For so long as any of the Notes is represented by a Rule 144A Global Note registered in the name of DTC or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor, the Trustee, the Paying Agents, the Registrar and the Transfer Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Rule 144A Global Note; and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Any reference herein to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to Notes issued in NGN form, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms.

Any reference herein to the common depositary shall, whenever the context so permits, be deemed to include references to any successor common depositary or any additional or alternative common depositary as is approved by the Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

Any reference herein to the common nominee shall, whenever the context so permits, be deemed to include references to any successor common nominee or any additional or alternative common nominee as is approved by the Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme pursuant to this Prospectus.

[Date]

ABBEY NATIONAL TREASURY SERVICES plc

Issue of [Nominal Amount of Tranche] [Title of Notes]
 Guaranteed by Abbey National plc
 under the Euro 2,000,000,000
 Structured Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Terms and Conditions**”) set forth in the Prospectus dated [date] [and the supplement[s] to it dated [date(s)]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplement[s] to it] is [are] available for viewing at, and copies may be obtained from, the registered office of the Issuer [and the Guarantor].

[Include whichever of the following apply or specify as “Not Applicable” or “N/A”. Note that the numbering should remain as set out below, even if “Not Applicable” or “N/A” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- | | | | |
|----|------|-----------------|---|
| 1. | (i) | Issuer: | Abbey National Treasury Services plc |
| | (ii) | Guarantor | Abbey National plc |
| 2. | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | []
<i>(If fungible with an existing Series, insert details of that Series, including the date on which the Notes become fungible)</i> |

3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- (i) Tranche: []
- (ii) Series: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations: [€50,000 and integral multiples of €[1,000] in excess thereof up to and including €[99,000]. No Notes in definitive form will be issued with a denomination above €[99,000].] *(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* [other (specify)]
7. Issue Date: []
8. Type of Notes and relevant Securities Note: [Equity Linked Notes]
[Equity Basket Notes]
[Single Index Notes]
[Basket of Indices Notes]
[Currency Linked Notes]
[Credit Linked Notes]
[Commodity Linked Notes]
[Basket of Commodities Notes]
[Non-Standard Notes / See Interest Basis below]
9. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE ON THE NOTE

10. Interest payable on the Note: [Yes] [No]
11. Interest Basis: [Fixed Rate Note]
[Floating Rate Note]
[Zero Coupon Note]
[Variable Interest Note]
[Non-Interest Bearing Note]
12. Interest Rate[s] - Fixed [[] per cent. per annum payable [on the Maturity Date / annually / semi-annually / quarterly / monthly] in

- arrear] [N/A]
- Floating [Screen Rate Determination] [ISDA Determination] [Other (*specify other basis for interest rate*)] [N/A]
- 13. Screen Rate Determination:** [As specified in the Terms and Conditions] [N/A] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Reference Rate: [LIBOR] [EURIBOR] [Other (*specify*)]
- (ii) Interest Determination Date: [As specified in the Terms and Conditions]
- []
- (iii) Relevant Screen Page: []
- 14. ISDA Determination:** [] [N/A] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Floating Rate Option: []
- (ii) Designated Maturity: []
- (iii) Reset Date: []
- 15. Fixed Coupon Amount:** [] [N/A]
- 16. Broken Coupon Amount:** [] [N/A]
- 17. Minimum/Maximum Rates of Interest:** [] [N/A]
- 18. Margin(s):** [plus/minus] [] per cent. per annum
- 19. Interest Payment Date[s]:** [[] in each year] [Maturity Date] [N/A]
- 20. Interest Commencement Date (if different from the Issue Date):** [*specify date*] [Not applicable]
- 21. Interest Period[s]:** [As stated in Condition 25 (*Definitions*)] [Other (*Specify*)]
- 22. Day Count Fraction:** [Actual/Actual (ISMA)] [adjusted/unadjusted]] [Actual/365] [adjusted/unadjusted]] [Actual/Actual (ISDA)] [adjusted/unadjusted]] [Actual/365]

- (Fixed) [adjusted/unadjusted]
 [Actual/365 (Sterling)
 [adjusted/unadjusted]] [Actual/360
 [adjusted/unadjusted]] [30/360
 [adjusted/unadjusted]] [Bond Basis
 [adjusted/unadjusted]] [30E/360
 [adjusted/unadjusted]] [Eurobond Basis
 [adjusted/unadjusted]] [other
 [adjusted/unadjusted]]
- 23. Zero Coupon Note Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [] per cent. per annum
- (ii) Issue Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (Consider applicable Day Count Fraction if non U.S. dollar denominated)*
- (iv) Day Count Fraction in relation to Early Redemption Amounts and Late Payment: [Sub-paragraph (ii) of the definition of Early Redemption Amount in the Terms and Conditions and Condition 6.8(B) (*Late Payment*) apply/specify other]
- 24. Variable Interest Note Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/formula/variable: [*Insert or annex details*]
- (ii) Provisions for determining coupon where calculated by reference to Index and/or formula and/or other variable: [*Insert or annex details*]
- (iii) Provisions for determining coupon where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable: [*Insert description of market disruption events an adjustment events*]
- (Note: Consider use of Valuation Date at 32 below in order to fall within provisions of Condition 9 (Rights of Issuer in the event of a Disrupted Day or Disruption Event) and Condition 10 (Adjustments))*

25. Non-Interest Bearing Note Provisions: [Applicable/Not Applicable]
(If applicable, insert relevant provisions)

PROVISIONS RELATING TO REDEMPTION

26. Maturity Date: [Fixed Rate Note/any other Note other than a Floating Rate Note or Variable Interest Note — *[specify date]*
- Floating Rate Note or Variable Interest Note — Interest Payment Date falling in or nearest to *[specify month and year/specify other]* [the “**Scheduled Maturity Date**” subject as provided in Condition 7.1((B)(iv) (*Redemption, Credit Linked Notes, Repudiation / Moratorium Extension*), Condition 7.1(B)(v) (*Redemption, Credit Linked Notes, Grace Period Extension*) and Condition 7.1(B)(vi) (*Redemption, Credit Linked Notes, Maturity Date Extension*) (*include for Credit Linked Notes*))
27. Maturity Notice Time: [10.00 am London Time, as stated in the Terms and Conditions] [other (*specify*)]
28. Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] / [] per Specified Denomination
29. Put Option (Condition 7.2 (*Early Redemption at the Option of Noteholders*)): [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Early Redemption Date(s): []
(N.B.: See definition of Early Redemption Date for a fallback position of the tenth Business Day after the delivery of the Early Redemption Notice if the Early Redemption Date is not so specified here.)
- (ii) Early Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] / [] per Specified Denomination

- (iii) Notice period (if other than as set out in the Condition 7.2 (*Early Redemption at the Option of Noteholders*)): *(N.B.: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])*

If redeemable in part:

- (iv) Minimum number of Notes to be redeemed under Condition 11.1 (*Minimum number of Notes redeemable*): [Applicable] [N/A] *(If applicable, specify minimum number of Notes)*
(N.B. Only applicable to Condition 7.2 (Early Redemption at the option of Noteholders))
- (v) Daily Maximum Amount of Notes to be redeemed under Condition 11.3 (*Maximum number of Notes redeemable*): [Applicable] [N/A] *(If applicable, specify the Daily Maximum Amount of Notes)*
(N.B. Only applicable to Condition 7.2 (Early Redemption at the option of Noteholders))
- (vi) Multiple of Notes to be redeemed under Condition 11.2 (*Multiples of Notes redeemable*): [Applicable] [N/A] *(If applicable, specify the multiple of Notes)*
(N.B. Only applicable to Condition 7.2 (Early Redemption at the option of Noteholders))
- 30.** Call Option (Condition 7.3 (*Early Redemption at the option of the Issuer*)) [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Early Redemption Date(s): []

(N.B. See definition of Early Redemption Date for a fallback position of the tenth Business Day after the delivery of the Issuer Redemption Notice as the Early Redemption Date if not so specified here.)

(ii) Early Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): per Note of / per Specified Denomination

(iii) Notice period (if other than as set out in the Condition 7.3 (*Early Redemption at the option of the Issuer*)):
(N.B.: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])

31. Early Redemption pursuant to Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) or Condition 7.5 (*Early Redemption for tax reasons*):

(i) Early Redemption Date(s):

(N.B. See definition of Early Redemption Date for a fallback position of the tenth Business Day after the delivery of the Special Redemption Notice as the Early Redemption Date if not so specified here.)

(ii) Early Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): per Note of / per Specified Denomination

(iii) Notice period (if other than as set out in the Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) or Condition 7.5 (*Early*)):
(N.B.: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to

- Redemption for tax reasons*): consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])
32. Valuation Date: []
- (N.B.: The specified date(s) should fall at least 2 Scheduled Trading Days prior to the Maturity Date or other applicable scheduled payment dates in the case of Notes other than Currency Linked Notes and in the case of Currency Linked Notes, 2 Business Days prior to the Maturity Date or other applicable scheduled payment dates.)*
33. Valuation Time: []
34. Market Disruption Event (Condition 9.1 *(Equity Linked Notes and Equity Basket Notes)* and Condition 9.2 *(Single Index Notes and Basket of Indices Notes)*): [Applicable] [N/A] *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Trading Disruption: [Applicable] [N/A]
- (ii) Exchange Disruption: [Applicable] [N/A]
- (iii) Early Closure: [Applicable] [N/A]
35. Averaging (Condition 9.4 *(Averaging)* relating to Condition 9.1 *(Equity Linked Notes and Equity Basket Notes)* or Condition 9.2 *(Single Index Notes and Basket of Indices Notes)*): [Applicable] [N/A] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Averaging Dates: []
- (ii) Consequence of an Averaging Date being a Disrupted Day: [Omission][Postponement] [Modified Postponement]
36. Time for receipt of Early Redemption Notice and/or Noteholder's Information Notice: [10.00 am London time, as stated in the Terms and Conditions]
- [Other (specify)]

37. Redemption Notice Time: [10.00 am London time, as stated in the Terms and Condition]
 [10.00 am Brussels time (*in the case of Euroclear Bank*)]
 [11.00 am Brussels time (*if delivered by EUCLID*)]
 [10.00 am Luxembourg time (*in the case of Clearstream, Luxembourg*)]
38. Procedures for giving Issuer Redemption Notice if other than as specified in Condition 8.3 (*Redemption Notices*): [] [N/A]
39. Procedure for giving Special Redemption Notice if other than as specified in Condition 8.3 (*Redemption Notices*): [] [N/A]
40. Basis for selecting Notes where Daily Maximum Amount is exceeded if other than on a pro rata basis: [] [N/A]
41. Additional provisions relating to the redemption of the Notes: [] [N/A]
42. Equity Linked Notes, Equity Basket Notes: [Applicable] [N/A] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Whether the Notes relate to a single equity security or a basket of equity securities (each an “**Underlying Security**”) and the identity of the Issuer and class of the Underlying Security (each an “**Underlying Company**”): [Single Underlying Security]
 [Basket of Underlying Securities]
 (*If the Notes are listed on an Exchange, give or annex details of the Underlying Security(ies) and Underlying Company(ies)*)
- (ii) Whether redemption of the Notes will be by (a) Cash Settlement or (b) in certain circumstances Cash Settlement or Physical Delivery at the option of the Issuer: [Cash Settlement]
 [In the event of (*describe triggers linked to the closing price of the Underlying Securities*), Cash Settlement or Physical Delivery at the option of the Issuer]
- (iii) Exchange[s]: []

- (iv) Related Exchange[s]: [All Relevant Stock Exchanges]
- (v) Exchange Rate: [Insert Details] [N/A]
- (vi) Weighting for each Underlying Security comprising the basket: [Insert Details] [N/A]
- (vii) Physical Settlement: [Applicable/N/A] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- Underlying Security to be defined per Note:
 - legislation under which the Underlying Securities are created:
 - form of the Underlying Securities: bearer/registered form certificate/uncertificated form
 [If in uncertificated form, specify entity responsible for record keeping]
 - currency of the Underlying Securities:
 - description of the rights, including limitations thereon, attached to the Underlying Securities: [dividend rights]
[voting rights]
[pre-emption rights]
[right to share of profits]
[share in surplus of liquidation]
[redemption/conversion rights]
 - restrictions, if any, on the free transferability of the Underlying Securities:
 - details of existence of any mandatory takeover bids/squeeze-out/sell-out rules:
 - details of public takeover bids by third parties during the previous and current financial year: [If applicable, terms and outcome to be specified]
- (viii) Delivery provisions for Underlying Securities (including details of [As stated in the Terms and Conditions]
 [Other (specify)] (Only applicable where

- who is to make such delivery): *Physical Delivery is, depending on the closing price of the Underlying Securities, available at the option of the Issuer)*
- (ix) Substitution of Shares pursuant to Condition 10.1(C) (*Substitution of Shares*): [Applicable] [N/A]
- (x) Early Redemption pursuant to Condition 10.1(A) (*Adjustments to Equity Linked Notes and Equity Basket Notes*):
- Early Redemption Date(s): []
(N.B. See definition of Early Redemption Date for a fallback position of the tenth Business Day after the receipt of the Issuer Redemption Notice as the Early Redemption Date if not so specified here.)
 - Early Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] / [] per Specified Denomination
 - Notice period (if other than as set out in the Condition 10.1(A) (*Adjustments to Equity Linked Notes and Equity Basket Notes*): []
(N.B.: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])
- (xi) Other terms or special conditions: []
- 43.** Single Index Notes, Basket of Indices Notes:
- (i) Whether the Notes relate to single index or a basket of indices and [Single index] [Basket of indices]

the identity of the relevant Index/Indices and details of the relevant sponsors: *(Give or annex details)*

- (ii) Exchange[s]: []
- (iii) Related Exchange[s]: [] [All Relevant Stock Exchanges]
- (iv) Weighting for each Index comprising the basket: [] *(Insert details)* [N/A]
- (v) Early Redemption pursuant to Condition 10.2(A) *(Index Modification, Cancellation, Disruption or Adjustment Event)*:
- Early Redemption Date(s): []

(N.B. See definition of Early Redemption Date for a fallback position of the tenth Business Day after the receipt of the Issuer Redemption Notice as the Early Redemption Date if not so specified here.)
 - Early Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] / [] per Specified Denomination
 - Notice period (if other than as set out in Condition 10.2(A) *(Index Modification, Cancellation, Disruption or Adjustment Event)*): []

(N.B.: If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent [or Trustee])
- (v) Other terms or special conditions: []
44. Currency Linked Notes: [Applicable] [N/A] *(if not applicable, delete the remaining sub-paragraphs of*

this paragraph)

- (i) Relevant Currency: []
- (ii) Other terms or special conditions: []
- 45. Credit Linked Notes:** [Applicable] [N/A] *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Redemption Amount: [] *(Express per Denomination of each Note)*
- (ii) Trade Date: []
- (iii) Effective Date: []
- (iv) Scheduled Maturity Date: []
- (v) Determination Agent City: []
- (vi) Reference Entity[ies]: []
- (vii) Reference Obligation[s]: []
- [The obligation[s] identified as follows:
- Primary Obligor: []
- Guarantor: []
- Maturity: []
- Coupon: []
- CUSIP/ISIN: []
- (viii) All Guarantees: [Applicable] [N/A]
- (ix) Credit Events: [Bankruptcy]
[Failure to Pay]
[Grace Period Extension:
[Applicable/Not Applicable]]
[If applicable:
Grace Period: []]
[Obligation Default]
[Obligation Acceleration]
[Repudiation/Moratorium]
[Potential

Repudiation/Moratorium:

[]

[Restructuring]

- [Restructuring Maturity Limitation and Fully Transferable Obligation
[Applicable / Not Applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation
[Applicable / Not Applicable]]

[other (*specify*)]

Default Requirement: []

Payment Requirement: []

(x) Notice Delivery Period: []

(xi) Conditions to Settlement: Notice of Publicly Available Information
[Applicable / Not Applicable]

[If Applicable:

Public Source(s): []

Specified Number: []]

(xii) Obligation[s]:

Obligation Category:

(*select one only*)

[Payment]
[Borrowed Money]
[Reference Obligations Only]
[Bond]
[Loan]
[Bond or Loan]

Obligation Characteristics: [Not Subordinated]

(*select all of which apply*)

[Specified Currency:
(*specify currency*)]
[Not Sovereign Lender]
[Not Domestic Currency:]
[Domestic Currency means:
(*specify currency*)]
[Not Domestic law]
[Listed]

		[Not Domestic Issuance]
	Additional Obligation[s]:	[]
(xiii)	Excluded Obligation[s]:	[]
(xiv)	Whether redemption of the Notes will be by (a) Cash Settlement on the Maturity Date or (b) Cash Settlement or Physical Delivery at the option of the Issuer on the Scheduled Maturity Date or (c) Cash Settlement or Physical Delivery after the occurrence of a Credit Event Determination Date or Physical Delivery Date:	[Cash Settlement on the Maturity Date] [Cash Settlement or Physical Delivery at the option of the Issuer on the Scheduled Maturity Date] [cash Settlement or Physical Delivery after the occurrence of a Credit Event Determination Date or Physical Delivery Date] [other (<i>specify</i>)]
(xv)	Accrual of Interest Upon Credit Event:	[Applicable] [N/A]
(xvi)	Merger Event Redemption Date:	[]
(xvii)	2003 ISDA Credit Derivatives Definitions:	[The Notes are subject to the terms and conditions of the 2003 ISDA Credit Derivatives Definitions (the “ Credit Derivatives Definitions ”) which are hereby incorporated by reference in these Final Terms subject to the amendments and provisions set out in Schedule [•] to the Final Terms. Accordingly, the Final Terms and Terms and Conditions of the Notes should be read in conjunction with the Credit Derivatives Definitions. In the event of a conflict between the Terms and Conditions of the Notes and the Credit Derivatives Definitions, the Terms and Conditions of the Notes will prevail[, except for the definition(s) of [], which shall be as set out in the Credit Derivatives Definitions as amended by the provisions set out in Schedule [•] to the Final Terms] [N/A]
	Terms relating to Cash Settlement	[Applicable] [N/A]
(xviii)	Credit Event Redemption Amount:	[Express per each Note Denomination]

- (xix) Credit Event Redemption Date: Business Days
- (xx) Valuation Date: Single Valuation Date:
 Business Days
 Multiple Valuation Dates:
 Business Days; and each
 Business Day thereafter.
Number of Valuation Dates:
- (xxi) Valuation Time:
- (xxii) Quotation Method: Bid Offer Mid-market
- (xxiii) Quotation Amount: Representative Amount
- (xxiv) Dealers:
- (xxv) Quotations: Include Accrued Interest
 Exclude Accrued Interest
- (xxvi) Valuation Method: Market/Highest
 Average Market/Highest/Average
Highest
 Blended Market/Blended Highest
 Average Blended Market/Average
Blended Highest
- (xxvii) Other terms or special conditions:
- Terms relating to Physical Delivery** Applicable N/A
- (xxviii) Physical Settlement Period: Business Days
- (xxix) Deliverable Amount: Include Accrued Interest
 Exclude Accrued Interest
- (xxx) Specified Currency:
- (xxxi) Deliverable Obligations:
Deliverable Obligation Category: Payment
(select one only) Borrowed Money
 Reference Obligations Only
 Bond
 Loan
 Bond or Loan

<p>Deliverable Obligation Characteristics:</p> <p><i>(select all of which apply)</i></p>	<p>[Not Subordinated]</p> <p>[Specified Currency: <input type="checkbox"/> <i>(specify currency)</i> [Standard Specified Currencies]</p> <p>[Not Sovereign Lender]</p> <p>[Not Domestic Currency] [Domestic Currency means: <input type="checkbox"/> <i>(specify currency)</i>]</p> <p>[Not Domestic Law]</p> <p>[Listed]</p> <p>[Not Contingent]</p> <p>[Not Domestic Issuance]</p> <p>[Assignable Loan]</p> <p>[Consent Required Loan]</p> <p>[Direct Loan Participation] [Qualifying Participation Seller: <input type="checkbox"/> <i>(insert details)</i>]</p> <p>[Transferable]</p> <p>[Maximum Maturity: <input type="checkbox"/>]]</p> <p>[Accelerated or Matured]</p> <p>[Not Bearer]</p>
<p>Additional Deliverable Obligation[s]:</p>	<p><input type="checkbox"/></p>
<p>(xxxii) Excluded Deliverable Obligation[s]:</p>	<p><input type="checkbox"/></p>
<p>(xxxiii) Delivery provisions for the Deliverable Amount (including details of who is to make such delivery) if different from Terms and Conditions:</p>	<p>[As stated in the Terms and Conditions] [Other <i>(specify)</i>]</p>
<p>(xxxiv) Other terms or special conditions:</p>	<p><input type="checkbox"/></p>
<p>46. Commodity Linked Notes:</p>	<p><input type="checkbox"/> [N/A] <i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>
<p>(i) Trade Date:</p>	<p><input type="checkbox"/></p>
<p>(ii) Relevant Commodity/ies or Commodity Index/Indices:</p>	<p><input type="checkbox"/></p>
<p>(iii) Commodity Reference Price:</p>	<p>[<i>specify Commodity Reference Price</i>]</p>

- (iv) Specified Price: [Bid][Asked][Average of high and low prices][Final settlement price]
[Morning fixing]
[Other (*specify*)
(if appropriate, specify time as of which the price will be determined)
- (v) Delivery Date: (*specify whether price based on spot market, First Nearby Month, Second Nearby Month, etc.*)
- (vi) Pricing Date: , subject to adjustment in accordance with the Commodity Business Day Convention
- Common Pricing: [Applicable][Not applicable]
(include only if Basket of Commodities)
- (vii) Commodity Market Disruption Events: [As stated in Condition 9.5 (*Commodity Linked Notes*) of the Terms and Conditions] [Other] (*specify any applicable additional Commodity Market Disruption Events*)
- Disruption Fallback(s): [As stated in Condition 9.5 (*Commodity Linked Notes*) of the Terms and Conditions] [Other] (*specify any applicable additional Disruption Fallback(s)*)
- (viii) Commodity Business Day(s): []
- (ix) Commodity Business Day Convention: [Following Business Day Convention]
[Modified Following Business Day Convention]
[Nearest Business Day Convention]
[Preceding Business Day Convention]
- (x) Other Terms and Conditions: []

PROVISIONS RELATING TO SETTLEMENT

47. (i) Settlement type: [The Notes are Credit Linked Notes, see “*Terms relating to Physical Delivery*” under paragraph 45 above] or
- [The Notes are Equity Linked Notes and Equity Basket Notes, see “*Physical Settlement*” under paragraph 42(vii) above] or
- [Cash only] or
- [Cash or Physical Settlement at the Issuer’s option and the Reference Asset to be delivered is []]
- (ii) Settlement Rate: []
48. Board Lot: [Applicable][N/A]
49. Currency in which cash settlement will be made: []
50. Clearing System: []
51. Physical Delivery Date: [As defined in Condition 25 (*Definitions*)]
[Other (*specify*)]

Definitions

52. Definition of Business Day: [As defined in Condition 25 (*Definitions*)]
[[and, in all cases,] []]
53. Definition of Additional Business Centre(s): []
54. Definition of Exchange Business Day: [As defined in Condition 25 (*Definitions*)]
[Other (*specify*)]
55. Definition of Maturity Notice Time: [As defined in Condition 25 (*Definitions*)]
[Other (*specify*)]

SELLING RESTRICTIONS AND PROVISIONS RELATING TO CERTIFICATION

56. Non-US Selling Restrictions: [As described in the Prospectus] [Other (*specify – insert Jurisdiction – Specific Selling Restrictions*)]

57. Certification of non-US status: [Applicable] [N/A]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

58. Form of Notes: [Bearer Notes:
[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event at the expense of the Issuer]].
[Temporary Bearer Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date.]
[Permanent Bearer Global Note exchangeable for Definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event at the expense of the Issuer]].
[Registered Notes:
Regulation S Global Note ([] of the Nominal Amount)/Rule 144A Global Note ([] of the Nominal Amount)]
59. New Global Note: [Yes/No]
60. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No *[If yes, give details]*]
61. Redenomination: Redenomination [not] applicable

(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)
62. Applicable Business Day Convention: [Following Business Day Convention]
[Modified Following Business Day Convention]
[Nearest Business Day Convention]
[Preceding Business Day Convention]
(Specify other)
63. Delivery Agent: [insert name and address]
64. Determination Agent: [insert name and address]
65. Relevant Clearing System[s], Rules and [Euroclear]
[Clearstream, Luxembourg]

appropriate codes:

[DTC]
 ISIN: []
 Common Code: []
 CUSIP: []

66. (i) Reuters page(s) (or other reference source) from which the exchange rate for currency conversion will be taken when calculating the Redemption Amount and/or the Early Redemption Amount, or [] [N/A]

(ii) the reference bank or central bank quoting the exchange rate for conversion pursuant to Condition 8.9(A) (*Redemption Procedures, Currency*) [] [N/A]

67. Any Terms and Conditions additional to, or modified from, those set forth in the Prospectus: [] [N/A]

(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

(If the Issue is an offer to the public insert additional terms to comply with the requirements of Annex 5.5 and Annex 12.5.)

DISTRIBUTION

68. (i) If syndicated, names [and addresses]* of Managers [and addresses]* of each entity acting as underwriting commitments]* : [Not Applicable/give names [and addresses]* of each entity acting as underwriter [and its respective underwriting commitments]*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement* : []*
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
69. If non-syndicated, name [and address]* of relevant Dealer: []
70. Total commission and concession* : [] per cent. of the Nominal Amount*
71. Whether TEFRA D or TEFRA C rules are applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]:

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 2,000,000,000 Structured Note Programme of Abbey National Treasury Services plc.]

*Not required if denomination is EUR 50,000 (or its equivalent in the relevant currency as at the date of issue) or more.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer [and the Guarantor each] confirm[s] that such information has been accurately reproduced and that, so far as [they are / it is] aware and is/are able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading]. Signed on behalf of the Issuer [and the Guarantor]:

By:

Duly authorised

PART B – OTHER INFORMATION**1. LISTING**

- (i) Listing: [London/other (specify)/None]
- (Note that where the Notes are to be admitted to trading on an exchange other than London, further tax disclosure may be required to be made.)*
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on [] with effect from []/Not Applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)**

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
 [Moody's: []]
 [[Other]: []]
 [Not Applicable]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]**
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

3. NOTIFICATION

[The UK Listing Authority has been requested to provide/has provided a [include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive/Not Applicable.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer[s], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. (*Amend as appropriate if there are other interests*)]

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer [General corporate purposes]

(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

(ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: [] *[Include breakdown of expenses]*

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. YIELD (Fixed Rate Notes only)

Indication of yield: []

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. HISTORIC RATES OF INTEREST (*Floating Rate Notes only*)*

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate and/or Bloomberg].

8. PERFORMANCE OF [RATE(S) OF EXCHANGE/FORMULA/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [EXCHANGE RATE(S)/FORMULA/CURRENCIES]] (*Currency Linked Notes only*)

[Need to include details of where past and future performance and volatility of the [relevant rates/formula/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

9. PERFORMANCE OF [THE COMMODITY], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY]] (*Commodity Linked Notes only*)

[Need to include details of where past and future performance and volatility of [the Commodity] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

10. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]] (*Index Linked Notes only*)

[Need to include details of where past and future performance and volatility of the [index/basket of indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

[Need to include the name of [the/each] index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]**

11. PERFORMANCE OF [THE EQUITY/BASKET OF EQUITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE EQUITY/BASKET OF EQUITIES]] (*Equity Linked Notes only*)

[Need to include details of where past and future performance and volatility of the [equity/basket of equities] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

12. INFORMATION IN RELATION TO THE REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER

INFORMATION CONCERNING THE REFERENCE ENTITY] (Credit Linked Notes only)

[Need to include details of the Reference Entity and of where information on the Reference Entity can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

13. OPERATIONAL INFORMATION

- | | | |
|-------|--|---|
| (i) | Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes/No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

<i>(include this text if “yes” selected in which case the Notes must be issued in NGN form.)</i> |
| (ii) | ISIN Code: | [] |
| (iii) | Common Code:

(insert here any other relevant codes such as CUSIP and CINS numbers) | [] |
| (iv) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| (v) | Delivery: | Delivery [against/free of] payment |
| (vi) | Names and addresses of additional Paying Agent(s) (if any): | [] |

(vii) Common Depositary: [*Insert details*]

Notes: * Not required if denomination is EUR 50,000 (or its equivalent in the relevant currency as at the date of issue) or more.

**Delete if minimum denomination is EUR50,000 (or its equivalent in the relevant currency as at the date of issue) and if the Securities are not Derivative Securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

TERMS AND CONDITIONS OF THE NOTES

INTRODUCTION

*The following are the terms and conditions (the “**Terms and Conditions**”) of the Notes which will be incorporated by reference into each Global Note and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to “Form of the Notes” for a description of the content of the applicable Final Terms which will specify which of such terms are to apply in relation to the relevant Notes. References in these Terms and Conditions to “Final Terms” mean a tranche of Notes issued pursuant to this Prospectus.*

This Note is one of a Series of Notes issued by Abbey National Treasury Services plc (the “**Issuer**”, which expression shall include, following the substitution of the Issuer, such person who is for the time being the Substitute Issuer pursuant to the Trust Deed) constituted by a trust deed dated 28 March 2007 (the “**Trust Deed**”) and made between Abbey National Treasury Services plc as Issuer, Abbey National plc as guarantor (the “**Guarantor**”, which expression shall include, following the substitution of the Guarantor, such person who is for the time being the Substitute Guarantor pursuant to the Trust Deed) and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include any successor as trustee) as trustee for the holders of the Notes (the “**Noteholders**” or “**holders**”, which expressions shall mean, in relation to Notes in definitive bearer form, the bearers thereof and, in relation to Notes in definitive registered (or inscribed) form, the persons in whose names such Notes are registered and shall, in relation to Notes represented by a Global Note, be construed as provided below).

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

1. any global note (a “**Global Note**”) and in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency;
2. any Definitive Notes in bearer form; and
3. any Definitive Notes in registered (or inscribed) form.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Variable Interest Notes or Non-Interest Bearing Notes, depending on the Interest Basis specified in the applicable Final Terms.

The Notes may be Equity Linked Notes, Equity Basket Notes, Single Index Notes, Basket of Indices Notes, Currency Linked Notes, Credit Linked Notes, Commodity Linked Notes or other types of Notes which would be Non-Standard Notes, depending on the type of Notes specified in the applicable Final Terms.

Although many of the Terms and Conditions contained herein are applicable to all of the types of Notes that may be issued by the Issuer under the Programme, due to the diverse nature and characteristics of the different types of Notes, some of the Terms and Conditions will not be applicable, whether in whole or in part, to certain types of Notes. The application of any term or condition to a particular type of Note may be altered and the relevant Final Terms may specify additional terms and conditions which apply to the relevant Notes.

The Notes, the Receipts and the Coupons also have the benefit of an Agency Agreement dated 28 March 2007 (the “**Agency Agreement**”) whereby the Issuer and the Guarantor appoint Citibank, N.A., London as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent), exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent) and transfer agent, Citigroup Global Markets Deutschland AG & Co. KGaA. as registrar (the “**Registrar**”, which expression shall include any successor registrar), paying agent (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and transfer agent (together with Principal Paying Agent, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agents), Abbey National Treasury Services plc as determination agent (the “**Determination Agent**”, which expression shall include any successor determination as agent) and the Trustee.

References to the “**Delivery Agency Agreement**” are to the delivery agency agreement which may be entered into between the Issuer, the Guarantor, the Trustee and the delivery agent to be appointed thereby (the “**Delivery Agent**”), the form of which is contained in Schedule 1 to the Agency Agreement.

Interest bearing Definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference in these Terms and Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The applicable Final Terms for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note.

Any reference in these Terms and Conditions to “**Receipholders**” shall mean the holders of the Receipts and any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee and at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (such agents, the Exchange Agent, the Determination Agent, the Delivery Agent and the Registrar being together referred to as the “**Agents**”). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of the Principal Paying Agent and from the registered office of the Guarantor save that, if this Note is an unlisted Note of any Series, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee, the Principal Paying Agent or, as the case may be, the Guarantor as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement, the applicable Final Terms and any other documents specified in the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed shall prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms shall prevail.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form (“**Bearer Notes**”) or in registered (or inscribed) form (“**Registered Notes**”) as specified in the applicable Final Terms in the Specified Currency and the Specified Denomination(s) and, in the case of Definitive Notes, serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes or Non-Interest Bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note or a Regulation S Global Note held by or on behalf of or, as the case may be, registered in the name of a common nominee for Euroclear and/or Clearstream, Luxembourg, each person (other

than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or, as the case may be, the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

For so long as any of the Notes is represented by a Rule 144A Global Note registered in the name of The Depository Trust Company of New York (“DTC”) or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note, and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Interests in a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or otherwise approved by the Issuer, the Guarantor, the Principal Paying Agent, the Registrar and the Trustee.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions

specified in the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.4, 2.5 and 2.6 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part in the authorised denominations set out in the applicable Final Terms. In order to effect any such transfer:

- (A) the holder or holders must:
 - (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and
 - (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent; and
- (B) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form for the same aggregate nominal amount as the Registered Note (or the relevant part of the Registered Note) transferred. In the case of a transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7 (*Redemption*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by normal uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (A) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate with the consent of the Issuer (a “**Transfer Certificate**”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (B) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of paragraph (A) above, such transferee may take delivery through a Restricted Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

2.6 Transfers of interests in Restricted Notes

Transfers of Restricted Notes or beneficial interests therein may be made:

- (A) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

- (B) to a transferee who takes delivery of such interest through a Restricted Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (C) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Restricted Notes, or upon specific request for removal of any United States securities law legend enfaced on Restricted Notes, the Registrar shall deliver only Restricted Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither such legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.7 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. STATUS OF THE NOTES

The Notes and the relative Receipts and Coupons (if any) are direct, unconditional and unsecured obligations of the Issuer ranking *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

4. STATUS OF THE GUARANTEE

The payment of the principal, and interest (if any) in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor under such guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and rank without any preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

5. INTEREST

If the applicable Final Terms so specify, the Notes of any Series will bear interest from the Interest Commencement Date at a rate or rates (the "**Interest Rate**") specified in, or

determined in accordance with, the applicable Final Terms and such interest will be payable in respect of each Interest Period on the date or dates (the “**Interest Payment Dates**” and each an “**Interest Payment Date**”) specified in the applicable Final Terms. The interest payable on the Notes of any Series for a period other than a full Interest Period shall be determined in accordance with the applicable Final Terms.

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note will bear interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate specified in the relevant Final Terms. Interest will be payable in arrears on each Interest Payment Date in each year up to (and including) the Maturity Date.

If a Fixed Coupon Amount or a Broken Coupon Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will be the Fixed Coupon Amount or, if applicable, the Broken Coupon Amount specified, and in the case of the Broken Coupon Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

5.2 Interest on Floating Rate Notes and Variable Interest Notes

Each Floating Rate Note and Variable Interest Note will bear interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate payable from time to time in respect of Floating Rate Notes or Variable Interest Notes, as applicable, determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes and Variable Interest Notes*

Where “ISDA Determination” is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (i) the Floating Rate Option is as specified in the applicable Final Terms;
- (ii) the Designated Maturity is a period specified in the applicable Final Terms; and
- (iii) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest

Period or (b) in any other case, as specified in the applicable Final Terms.

For the purposes of this paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "EURIBOR", "LIBOR" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes and Variable Interest Notes*

Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations

(expressed as a percentage rate per annum) for the Reference Rate that appears (or the Reference Rates that appear) on the Relevant Screen Page as at 11:00 am (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question (as specified in the applicable Final Terms or as defined below) plus or minus the Margin (if any), all as determined by the Determination Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Determination Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of sub-paragraph (B)(i) above, no such offered quotation for such Reference Rate so appears or, in the case of sub-paragraph (B)(ii) above, if fewer than two offered quotations for such Reference Rate so appear, in each case at the time specified in this paragraph (B), the Determination Agent shall request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by, if the Reference Rate is LIBOR, four major banks in the London interbank market, selected by the Determination Agent, at approximately 11:00 am (London time) on the Interest Determination Date to leading banks in the London interbank market or, if the Reference Rate is EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone, selected by the Determination Agent, at approximately 11:00 am (Brussels time) on the Interest Determination Date to leading banks in the Euro-zone interbank market, in each case for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. If, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted.

The Interest Rate applicable to such Note during each Interest Period will be the rate (or, as the case may be, the arithmetic mean) so determined plus or minus the Margin (if any). If the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Note during such Interest Period will be the rate (or, as the case may be, the arithmetic mean) last determined in relation to such Note in respect of a preceding Interest Period plus or minus, as the case may be, the Margin (if any).

As used herein, "**Interest Determination Date**", means in respect of any Interest Period, the date falling such number (if any) of Banking Days in such cities as may be specified in the Final Terms prior to the first day of such Interest Period, or if none is specified:

- (i) in the case of Notes denominated in Sterling, the first day of such Interest Period;
- (ii) in the case of Notes denominated in euro, the date falling two TARGET Business Days prior to the first day of such Interest Period; or
- (iii) in any other case, the date falling two London Banking Days prior to the first day of such Interest Period.

"**Banking Day**" means, in respect of any city, any day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in that city.

"**Euro-zone**" means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"**Relevant Screen Page**" means such page as is specified in the applicable Final Terms on Reuters Markets 3000 or Telerate (or such other service or services as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto) or such other equivalent information vending service as is so specified.

"**TARGET Business Day**" means any day on which the TARGET System is operating.

If the Reference Rate from time to time in respect of Floating Rate Notes or Variable Interest Notes, as the case may be, is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Interest Rate in respect of such Notes will be determined as provided in the applicable Final Terms.

(C) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specify a "Minimum Rate of Interest" for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the provisions of paragraph (A) or (B) above is less than such Minimum Rate of Interest, the Interest Rate for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a "Maximum Rate of Interest" for any Interest Period, then, in the event that the Interest Rate in respect of such Interest Period determined in accordance with the provisions of paragraph (A) or (B) above is greater than such Maximum Rate of Interest, the Interest Rate for such Interest Period shall be such Maximum Rate of Interest.

5.3 Zero Coupon Notes

Zero Coupon Notes will not bear interest, provided however that where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable shall be the Redemption Amount specified in the relevant Final Terms. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

5.4 Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless upon due presentation payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) to the Relevant Date at the Interest Rate in the manner provided in Condition 6.8 (*Late Payment*).

5.5 Calculations

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b) all figures shall be rounded to seven significant figures (with halves being rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest sub-unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding nominal amount of such Note, as specified in the relevant Final Terms, by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula).

5.6 Determination and Publication of Rates of Interest, Interest Amounts, Redemption Amounts and Early Redemption Amounts

As soon as practicable after the Valuation Time on each Valuation Date or such other time on such date on which the Determination Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, the Determination Agent shall determine such rate and calculate the Interest Amounts in respect of each Note for the relevant Interest Period and calculate the Redemption Amount, or any Early Redemption Amount, obtain any required quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Early Redemption Amount to be notified to the Principal Paying Agent, the Issuer and any stock exchange or other relevant authority on which the relevant Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 18 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day following such determination. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Determination Agent shall (in the absence of manifest error) be final and binding upon all parties.

5.7 Business Day Convention

- (A) If (1) there is no numerically corresponding day of the calendar month in which an Interest Payment Date should occur or (2) if any date (including, for the avoidance of doubt, an Interest Payment Date, Maturity Date or Early Redemption Date) which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then such date will be adjusted according to the Business Day Convention specified in the applicable Final Terms.
- (B) If any date applicable to a Commodity Linked Note that is specified to be subject to adjustment in accordance with a Commodity Business Day Convention would otherwise fall on a day that is not a Commodity Business Day, such date will be adjusted according to the Commodity Business Day Convention specified in the applicable Final Terms.
- (C) If the Business Day Convention or Commodity Business Day Convention specified in the applicable Final Terms is:
 - (i) the "Following Business Day Convention", such date shall be postponed to the next day that is a Business Day or a Commodity Business Day, as the case may be;
 - (ii) the "Modified Following Business Day Convention", such date shall be postponed to the next day that is a Business Day or a Commodity Business Day, as the case may be, unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or a Commodity Business Day, as the case may be;

- (iii) the "Nearest Business Day Convention", such date will be the first preceding day that is a Business Day or a Commodity Business Day, as the case may be, if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Business Day or a Commodity Business Day, as the case may be if the relevant date otherwise falls on a Sunday or a Monday; or
- (iv) the "Preceding Business Day Convention", such date shall be brought forward to the immediately preceding Business Day or a Commodity Business Day, as the case may be.

6. Payments

6.1 Method of payment

Subject as provided below:

- (A) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (B) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).

Any reference in these Terms and Conditions to payment of any sums in respect of the Notes (including Physically Settled Notes) shall be deemed to include, as applicable, delivery of assets if so provided in the applicable Final Terms and references to paid and payable shall be construed accordingly.

6.2 Presentation of Definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of Definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Notes, and payments of interest in respect of Definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Bearer Note to which it appertains. Receipts presented without the Definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 13 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof. Upon the date on which any Floating Rate Note, Variable Interest Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “**Long Maturity Note**” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant Definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Bearer Global Note will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

6.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “**Register**”) at the close of business on the fifteenth calendar day before the relevant due date (the “**Record Date**”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than U.S.\$100,000 (or its equivalent), payment will instead be made by a cheque in the Specified Currency drawn on a designated bank. For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a designated bank and identified as such in the Register and (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a designated bank and mailed by uninsured mail on the Business Day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three Business Days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed

to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Rule 144A Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor, the Trustee and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 General provisions applicable to payments

For so long as the Notes of a Series are listed on the Official List of the London Stock Exchange and admitted to trading on the London Stock Exchange's regulated market for listed securities and for so long as the rules of the UK Listing Authority so require, the Issuer shall procure that there is a Paying Agent approved in writing by the Trustee in the City of London for the payment of principal and interest, if any, on the Notes. The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (A) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

6.6 Payment Days

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to any further payment in respect of such delay. “**Payment Day**” means any day which (subject to Condition 13 (*Prescription*)):

- (A) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation; or
- (B) in the case of any payment in respect of a Rule 144A Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Rule 144A Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City; and
- (C) is a Business Day.

6.7 Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (A) any Additional Amounts which may be payable with respect to principal under Condition 12 (*Taxation*);
- (B) the Redemption Amount of the Notes;
- (C) the Early Redemption Amount of the Notes; and

- (D) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 12 (*Taxation*).

6.8 Late payment

If any amount payable in respect of any Note is improperly withheld or refused upon its becoming due and repayable or is paid after its due date or on or after accelerated maturity following an Event of Default, the amount due and repayable in respect of such Note (the "**Late Payment**") shall itself accrue interest (both before and after any judgment or other order of a court of competent jurisdiction) from (and including) the date on which such payment was improperly withheld or refused or, as the case may be, became due, to (but excluding) the Late Payment Date in accordance with the following provisions:

- (A) in the case of a Note other than a Zero Coupon Note, a Variable Interest Note or a Non-Interest Bearing Note at the rate determined in accordance with Condition 5.1 (*Interest on Fixed Rate Notes*) or 5.2 (*Interest on Floating Rate Notes and Variable Interest Notes*), as the case may be;
- (B) in the case of a Zero Coupon Note, at a rate equal to the Amortisation Yield; and
- (C) in the case of a Variable Interest Note or a Non-Interest Bearing Note, at a rate calculated by the Determination Agent so as to reasonably compensate the Noteholder for the cost of funding the delay in receiving the Late Payment,

in each case on the basis of the Day Count Fraction specified in the applicable Final Terms or, if none is specified, on a 30/360 basis.

For the purpose of this Condition 6.8 the "**Late Payment Date**" shall mean the earlier of:

- (i) the date which the Trustee determines to be the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is to be made; and
- (ii) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 18 (*Notices*)) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment,

provided that in the case of both (i) and (ii), upon further presentation thereof being duly made, such payment is made.

For the avoidance of doubt, Noteholders will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of

a credit or transfer made in accordance with Condition 6.1 above arriving to such Noteholder's account after the due date for payment.

7. Redemption

7.1 Redemption on the Maturity Date

(A) General

- (i) Subject to the provisions of and in accordance with Condition 8 (*Redemption Procedures*) and unless previously redeemed or purchased and cancelled, each Note (other than a Credit Linked Note) will be redeemed by the Issuer at its Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the Specified Currency on the Maturity Date, subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses shall be made by the relevant Noteholder and neither the Issuer nor the Guarantor shall have any liability in respect thereof.
- (ii) If "Physical Settlement" is specified as applicable in the relevant Final Terms, the Issuer may, on the redemption of a Note, elect to deliver the Reference Assets to which such Note relates on the relevant Physical Delivery Date, and the Noteholder shall be obliged to accept such Reference Assets and pay any applicable Taxes and Redemption Expenses in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*) below. A Noteholder, by delivering in writing or by facsimile or electronically to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary) a duly completed irrevocable Maturity Information Notice, will be deemed to have agreed to such form of settlement.

If the Issuer does not elect to deliver the Reference Assets, the Issuer shall notify the Principal Paying Agent and Delivery Agent of the Redemption Amount payable in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders in accordance with Condition 18 (*Notices*) of such Redemption Amount as soon as practicable after calculation of such amount.

(B) Credit Linked Notes

(i) Generally

Subject to the provisions of and in accordance with Conditions 7.1(B)(ii) and (iii) below and Condition 8 (*Redemption Procedures*) and unless previously redeemed or purchased and cancelled, each Credit Linked Note will mature and will be redeemed on the Scheduled Maturity Date, and the Issuer will on the Scheduled Maturity Date at the option of the Issuer (a) pay or cause to be paid, for value on the Scheduled Maturity Date, the Redemption Amount in respect of such Note, or (b) subject to

Condition 8.6 (*Settlement Disruption Event*) deliver the Deliverable Amount in respect of such Note on the Physical Delivery Date, in each case subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses shall be made by the relevant Noteholder, and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

Credit Linked Notes do not give the Noteholder any right to acquire any of the Reference Obligations or Deliverable Obligations, and the Issuer is not obliged to purchase, hold or deliver any of such Reference Obligations or Deliverable Obligations. However, if so specified in the relevant Final Terms, the Issuer may, on the redemption of such a Note, elect to deliver the Deliverable Amount on the relevant Physical Delivery Date and the Noteholder shall be obliged to accept such Deliverable Amount and pay any applicable Taxes and Redemption Expenses in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*) below. If the Issuer elects to deliver the Deliverable Amount on the relevant Physical Delivery Date, a Noteholder, by delivering in writing or facsimile or electronically to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary) a duly completed irrevocable Maturity Information Notice, will be deemed to have agreed to such physical settlement.

If the Issuer does not elect to deliver the Deliverable Amount, the Issuer shall notify the Principal Paying Agent and Delivery Agent of the Redemption Amount payable in cash in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders in accordance with Condition 18 (*Notices*) of such Redemption Amount as soon as practicable after calculation of such amount.

(ii) Cash Settlement

If “Cash Settlement” is specified in the applicable Final Terms and the Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction the “**Credit Event Determination Date**”), the Issuer may, at its option, give notice (such notice a “**Settlement Notice**”) to the Noteholders copied to the Principal Paying Agent in accordance with Condition 18 (*Notices*) and redeem all but not some only of the relevant Credit Linked Notes, each Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date.

If the Conditions to Settlement are satisfied and the relevant Credit Linked Notes become redeemable in accordance with this Condition 7.1(B)(ii), upon payment of the Credit Event Redemption Amount in respect of such Notes the Issuer shall have discharged its obligations in respect of such Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit

Event Redemption Amount may be less than the principal amount of such a Note. Any shortfall shall be borne by the Noteholders, and no liability shall attach to the Issuer.

(iii) Physical Settlement

If “Physical Delivery” is specified in the applicable Final Terms and the Credit Event Determination Date has occurred, the Issuer may, at its option, give notice (such notice a “**Notice of Physical Settlement**”) to the Noteholders copied to the Principal Paying Agent and Delivery Agent in accordance with Condition 18 (*Notices*) and redeem all but not some only of the relevant Credit Linked Notes, each Note being redeemed by delivery of the Deliverable Obligations comprising the Deliverable Amount, subject to and in accordance with Condition 8.6(B) (*Undeliverable Obligations*). If the Issuer elects not to give a Notice of Physical Settlement, Condition 7.1(B)(ii) above shall apply.

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising the Deliverable Amount that it reasonably expects to deliver. For the avoidance of doubt, the Determination Agent shall be entitled to select any of the Deliverable Obligations to constitute the Deliverable Amount, irrespective of their market value.

If Conditions to Settlement are satisfied and the Credit Linked Notes become redeemable in accordance with this Condition 7.1(B)(iii), upon Delivery of the Deliverable Amount and/or payment of the Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of such Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Amount and/or the Cash Settlement Amount may be less than the principal amount of such Note. Any shortfall shall be borne by the Noteholders, and no liability shall attach to the Issuer.

(iv) Repudiation/Moratorium Extension

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation/Moratorium will in the sole determination of the Determination Agent fall after the Scheduled Maturity Date, then the Determination Agent shall notify the Noteholders in accordance with Condition 18 (*Notices*) that a Potential Repudiation/Moratorium has occurred, and:

- (a) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

(1) each Credit Linked Note will be redeemed by the Issuer by payment of the Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and

(2) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and

(b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 7.1(B)(ii) or Condition 7.1(B)(iii) above as applicable shall apply to such Credit Linked Notes.

(v) Grace Period Extension

If “Grace Period Extension” is specified as applying in the applicable Final Terms, the provisions of this Condition 7.1(B)(v) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligations in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as of the Scheduled Maturity Date), then:

(a) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:

(1) each Credit Linked Note will be redeemed by the Issuer by payment of the Redemption Amount on the Grace Period Extension Date; and

(2) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in

respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and

- (b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 7.1(B)(ii) or Condition 7.1(B)(iii) as applicable shall apply to such Notes.

(vi) Maturity Date Extension

If on (1) the Scheduled Maturity Date or (2) the Repudiation/Moratorium Evaluation Date, or (3) if “Grace Period Extension” is specified as applying in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Determination Agent, a Credit Event may have occurred, the Determination Agent may notify the Noteholders in accordance with Condition 18 (*Notices*) that the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, has been postponed to a date (such date the “**Postponed Maturity Date**”) specified in such notice falling not more than 15 calendar days after the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, and:

- (a) where Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date:

- (1) subject as provided below each Credit Linked Note will be redeemed by the Issuer by payment of the Redemption Amount on the Postponed Maturity Date; and

- (2) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and

- (b) where Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 7.1(B)(ii) or Condition 7.1(B)(iii) as applicable shall apply to such Notes.

(vii) The terms and conditions of the Notes relating to the calculation of the Final Price of the relevant Reference Obligation, the Credit Event

Redemption Amount and the Valuation Method, in the event that Conditions to Settlement are satisfied during the Notice Delivery Period, shall be set out in the applicable Final Terms.

7.2 Early Redemption at the option of Noteholders

If “Put Option” is specified as applicable in the applicable Final Terms, the Noteholders of any Series of Notes may, by giving not less than 15 days nor more than 30 days notice to the Issuer and copied to the Principal Paying Agent, Delivery Agent and Approved Intermediary (or such other period of notice as specified in the relevant Final Terms) by way of an Early Redemption Notice in accordance with Condition 8.3(A)(ii) (*Redemption Notices generally, Where Notes are being redeemed by the Issuer at the request of the Noteholder pursuant to Condition 7.2 (Early Redemption at the option of Noteholders)*), require the Issuer to redeem Notes on any Early Redemption Date in the manner specified herein and in the relevant Final Terms. Following the exercise of this option by the holder of any Note of such Series in accordance with the provisions of Condition 8 (*Redemption Procedures*), the Issuer will redeem the relevant Note(s), subject to and in accordance with the terms specified in the applicable Final Terms, in whole (but not in part), on the Early Redemption Date, and the relevant Noteholder(s) will receive from the Issuer on the relevant Early Redemption Date the Early Redemption Amount in respect of such Note(s) subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses shall be made by the relevant Noteholder and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

If “Physical Settlement” is specified as applicable in the relevant Final Terms, the Issuer may, on the redemption of a Note, elect to deliver on the relevant Physical Delivery Date the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount to which such Note relates, and the Noteholder shall be obliged to accept such Reference Assets or Deliverable Amount and pay any applicable Taxes and Redemption Expenses in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*) below. If the Issuer elects to deliver on the relevant Physical Delivery Date the Reference Assets or Deliverable Amount, as the case may be, a Noteholder, by delivering in writing or by facsimile or electronically to the Issuer (with a copy to the Principal Paying Agent, Delivery Agent and Approved Intermediary) a duly completed irrevocable Early Redemption Notice, will be deemed to have agreed to such physical settlement.

If the Issuer does not elect to deliver the Reference Assets or the Deliverable Amount, the Issuer shall notify the Principal Paying Agent and Delivery Agent of the Early Redemption Amount payable in cash in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders in accordance with Condition 18 (*Notices*) of such Early Redemption Amount as soon as practicable after calculation of such amount.

7.3 Early Redemption at the option of the Issuer

If “Call Option” is specified as applicable in the applicable Final Terms, the Issuer may, by giving not less than 5 Business Days nor more than 10 Business Days notice to the

Noteholders (or such other period of notice as specified in the relevant Final Terms) by way of an Issuer Redemption Notice in accordance with Condition 8.3(A)(iii) (*Redemption Notices generally, Where Notes are being redeemed by the Issuer pursuant to Condition 7.3 (Early Redemption at the option of the Issuer)*) redeem the Notes of any Series on any Early Redemption Date. If the Issuer exercises this option in accordance with the provisions of Condition 8 (*Redemption Procedures*), it will redeem the Notes of such Series, subject to and in accordance with the terms specified herein and in the applicable Final Terms, in whole (but not in part) on the Early Redemption Date, and the Noteholders will receive from the Issuer on the relevant Early Redemption Date, the Early Redemption Amount in respect of such Notes subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses will be made by the Noteholders and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

If “Physical Settlement” is specified in the relevant Final Terms, the Issuer may, on the redemption of a Note, elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount to which such Note relates on the relevant Physical Delivery Date, and the Noteholder shall be obliged to accept such Reference Assets or Deliverable Amount and pay any applicable Taxes and Redemption Expenses, in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*). If the Issuer elects to deliver the Reference Assets or Deliverable Amount, as the case may be, a Noteholder, by delivering in writing or by facsimile or electronically to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary) a duly completed irrevocable Noteholder’s Information Notice, will be deemed to have agreed to such physical settlement.

If the Issuer does not elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount, the Issuer shall notify the Principal Paying Agent and the Delivery Agent of the Early Redemption Amount payable in cash in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders, in accordance with Condition 18 (*Notices*), of such Early Redemption Amount as soon as practicable after calculation of such amount.

7.4 Early Redemption following the occurrence of a Change in Law

- (A) The Issuer shall have the right to redeem the Notes if the Determination Agent determines that the performance of the obligations of the Issuer or the obligations of the Guarantor under the Notes, or any arrangements made to hedge the Issuer’s obligations under the Notes, is unlawful or shall become unlawful in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power. If the Determination Agent makes such a determination it shall notify the Issuer and the Trustee in writing as soon as is reasonably practicable and such determination shall be conclusive and binding on the Issuer, Guarantor, Trustee, Noteholders, Receiptholders and Couponholders.

(B) The Issuer shall further have the right to redeem the Notes if the Determination Agent determines that by reason of a Change in Law occurring on any day after the Issue Date:

- (i) the Issuer or the Guarantor is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Notes or from complying with any other material condition of the Notes (or would be so prevented if such payment, delivery or compliance were required on that day); or
- (ii) it becomes impossible or impracticable for the Issuer or Guarantor so to perform or comply (or it would be impossible or impracticable for the Issuer or Guarantor so to perform or comply if such payment, delivery or compliance were required on that day) or it becomes impossible or impracticable for the Issuer or the Guarantor to hedge or continue to hedge the performance of its obligations with respect to the Notes (including it becoming illegal or impossible to hold, acquire or dispose of any Underlying Securities relating to the Notes); or
- (iii) the Issuer or the Guarantor will incur a materially increased cost in performing its obligations under the Notes or hedging the performance of its obligations with respect to the Notes (including, without limitation, due to any increase in the tax liability, decrease in tax benefit or other adverse effect on its tax position),

so long as the Change in Law is beyond the control of the Issuer or Guarantor and the Issuer or the Guarantor could not, after using all reasonable efforts (which will not require the Issuer or the Guarantor to incur a material loss or material expenses) overcome such prevention, impossibility, impracticability or increase in cost. If the Determination Agent makes such a determination it shall notify the Issuer and the Trustee in writing as soon as is reasonably practicable and such determination shall be conclusive and binding on the Issuer, Guarantor, Trustee, Noteholders, Receiptholders and Couponholders.

(C) If the Issuer wishes to exercise its right to redeem the Notes in accordance with the provisions of this Condition, it shall give not less than 15 days nor more than 30 days notice to the Noteholders (or such other period of notice as specified in the relevant Final Terms) by way of a Special Redemption Notice in accordance with Condition 8.3(A)(iv) (*Redemption Notices generally, Where Notes are being redeemed by the Issuer pursuant to Condition 7.4 (Early Redemption following the occurrence of a Change in Law) or Condition 7.5 (Early Redemption for tax reasons)*). If the Issuer exercises this option in accordance with the provisions of Condition 8 (*Redemption Procedures*), it will redeem the Notes of such Series, subject to and in accordance with the terms specified herein and in the applicable Final Terms, in whole (but not in part) on the Early Redemption Date, and the Noteholders will receive from the Issuer on the relevant Early Redemption Date, the Early Redemption Amount in respect of such Notes subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses will

be made by the Noteholders and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

If “Physical Settlement” is specified in the relevant Final Terms, the Issuer may, on the redemption of a Note, elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount to which such Note relates on the relevant Physical Delivery Date, and the Noteholder shall be obliged to accept such Reference Assets or Deliverable Amount and pay any applicable Taxes and Redemption Expenses, in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*). If the Issuer elects to deliver the Reference Assets or Deliverable Amount, as the case may be, a Noteholder, by delivering in writing or by facsimile or electronically to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary) a duly completed irrevocable Noteholder’s Information Notice, will be deemed to have agreed to such physical settlement.

If the Issuer does not elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount, the Issuer shall notify the Principal Paying Agent and the Delivery Agent of the Early Redemption Amount payable in cash in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders, in accordance with Condition 18 (*Notices*), of such Early Redemption Amount as soon as practicable after calculation of such amount.

7.5 Early Redemption for tax reasons

If on the occasion of the next payment due under the Notes either (i) the Issuer would be required to pay Additional Amounts as provided under Condition 12 (*Taxation*) or to account to any taxing authority in the taxing jurisdiction of any territory for any amount (other than any tax withheld or deducted from interest payable on the Notes) calculated by reference to any amount payable in respect of the Notes or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making such payment itself would be required to pay Additional Amounts or to account to any taxing authority in the United Kingdom for any amount as aforesaid, then the Issuer may, having given not less than 15 nor more than 30 days’ notice to the Noteholders (or such other period of notice as specified in the relevant Final Terms) and by way of a Special Redemption Notice, redeem all, but not some only, of the Notes at any time (if this Note is not a Floating Rate Note or a Variable Interest Note) or on the next Interest Payment Date (in the case of a Floating Rate Note and a Variable Interest Note).

If the Issuer exercises this option in accordance with the provisions of Condition 8 (*Redemption Procedures*), it will redeem the Notes of such Series, subject to and in accordance with the terms specified herein and in the applicable Final Terms, in whole (but not in part) on the Early Redemption Date, and the Noteholders will receive from the Issuer on the relevant Early Redemption Date, the Early Redemption Amount in respect of such Notes subject to any applicable fiscal or other laws or regulations and subject to and in accordance with the terms and conditions set out herein and in the applicable Final Terms. Payment of any applicable Taxes and Redemption Expenses

will be made by the Noteholders and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

If “Physical Settlement” is specified in the relevant Final Terms, the Issuer may, on the redemption of a Note, elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount to which such Note relates on the relevant Physical Delivery Date, and the Noteholder shall be obliged to accept such Reference Assets or Deliverable Amount and pay any applicable Taxes and Redemption Expenses, in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*). If the Issuer elects to deliver the Reference Assets or Deliverable Amount, as the case may be, a Noteholder, by delivering in writing or by facsimile or electronically to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary) a duly completed irrevocable Noteholder’s Information Notice, will be deemed to have agreed to such physical settlement.

If the Issuer does not elect to deliver the Reference Assets or (in the case of Credit Linked Notes) deliver the Deliverable Amount, the Issuer shall notify the Principal Paying Agent and the Delivery Agent of the Early Redemption Amount payable in cash in respect of each Note and the Principal Paying Agent shall give notice to the relevant Noteholders, in accordance with Condition 18 (*Notices*), of such Early Redemption Amount as soon as practicable after calculation of such amount.

7.6 Cancellation

Without prejudice to the provisions of Condition 20 (*Further Issues*), the Notes of any Series, once redeemed by or on behalf of the Issuer, will forthwith be cancelled and accordingly may not be reissued or resold.

7.7 Maximum and Minimum Redemption Requirements

In relation to the Notes of any Series, if the applicable Final Terms so specify, the Notes of such Series may be redeemed only in such maximum and minimum amounts and multiples of Notes as required by Condition 11 (*Limits on Number of Notes that can be redeemed*).

8. REDEMPTION PROCEDURES

8.1 General

The redemption of Notes of any Series shall be effected only in accordance with this Condition 8 unless different procedures are specified in the applicable Final Terms.

8.2 Restrictions

In certain circumstances specified in the relevant Final Terms, selling restrictions or certification requirements in addition to those described in the Prospectus may apply.

8.3 Redemption Notices

(A) Redemption Notices generally

(i) Where Notes are being redeemed on the Maturity Date

Unless otherwise specified in the relevant Final Terms, delivery of the Reference Assets or, in the case of a Credit Linked Note, the Deliverable Amount, in each case on the Physical Delivery Date to, or to the order of, the relevant Noteholder is conditional upon the Noteholder delivering in writing or by facsimile or electronically to the Delivery Agent, with a copy to the Principal Paying Agent, Issuer and Approved Intermediary, a duly completed irrevocable notice (a “**Maturity Information Notice**”) (substantially in the form set out in Schedule 2 of the Agency Agreement or otherwise in a form agreed between the Issuer and the Principal Paying Agent) not later than the Maturity Notice Time on the Maturity Date. The Maturity Information Notice may specify that it is subject to certain specified additional conditions or requirements.

(ii) Where Notes are being redeemed by the Issuer at the request of a Noteholder pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*)

Unless otherwise specified in the relevant Final Terms, delivery of the Reference Assets or, in the case of a Credit Linked Note, the Deliverable Amount on the Physical Delivery Date to, or to the order of, the relevant Noteholder is conditional upon such Noteholder delivering in writing or by facsimile or electronically to the Issuer, with a copy to the Principal Paying Agent, Delivery Agent and Approved Intermediary, a duly completed irrevocable notice (an “**Early Redemption Notice**”) (substantially in the form set out in Schedule 1 of the Agency Agreement or otherwise in a form agreed between the Issuer and the Principal Paying Agent). Any Early Redemption Notice (in writing or sent by facsimile or electronically) received after the Redemption Notice Time on a given Business Day shall be deemed to be received on the next succeeding Business Day, provided that the applicable Early Redemption Date falls no later than two Business Days prior to the Maturity Date, in which event the Notes will be redeemed on the Maturity Date in accordance with Condition 7.1 (*Redemption on the Maturity Date*).

(iii) Where Notes are being redeemed by the Issuer pursuant to Condition 7.3 (*Early Redemption at the option of the Issuer*)

Unless otherwise specified in the relevant Final Terms, if the Issuer wishes to redeem the Notes of any Series pursuant to Condition 7.3 (*Early Redemption at the option of the Issuer*), Condition 10.1(B) (*Adjustments to Equity Linked Notes and Equity Basket Notes, Merger Events, Nationalisation, Insolvency, Delisting and Tender Offers*) and

Condition 10.2(A) (*Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation, Disruption Adjustment Event*), the Issuer must give Noteholders notice of redemption (an “**Issuer Redemption Notice**”) in accordance with Condition 18 (*Notices*) (which notice will be irrevocable and will specify the Early Redemption Amount or, if the Issuer elects to deliver Reference Assets or, in the case of a Credit Linked Note the Deliverable Amount, in lieu of paying the Early Redemption Amount, the Reference Assets or the Deliverable Amount to be delivered upon redemption of each Note) and at the same time deliver a copy of the Issuer Redemption Notice to the Principal Paying Agent and the Relevant Clearing System.

Notwithstanding the foregoing, if any Restricted Note is to be redeemed by delivery of the Reference Assets or the Deliverable Amount, any relevant provisions which modify the foregoing relating to such redemption and delivery, including the notices and certifications required, shall be as set out in the applicable Final Terms.

Unless otherwise specified in the relevant Final Terms, delivery of the Reference Assets or the Deliverable Amount on the Physical Delivery Date, to, or to the order of, the relevant Noteholder is conditional upon the Noteholder delivering in writing or by facsimile or electronically to the Delivery Agent, with a copy to the Principal Paying Agent, Issuer and Approved Intermediary, a duly completed Noteholder’s Information Notice not later than the Redemption Notice Time on the Early Redemption Date.

- (iv) Where Notes are being redeemed by the Issuer pursuant to Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) or Condition 7.5 (*Early Redemption for tax reasons*)

Unless otherwise specified in the relevant Final Terms, if the Issuer wishes to redeem the Notes of any Series pursuant to Condition 7.4 (*Early Redemption following the occurrence a Change in Law* or Condition 7.5 (*Early Redemption for tax reasons*), the Issuer must give Noteholders notice of redemption (a “**Special Redemption Notice**”) in accordance with Condition 18 (*Notices*) (which notice will be irrevocable and will specify the Early Redemption Amount or, if the Issuer elects to deliver Reference Assets or, in the case of a Credit Linked Note, the Deliverable Amount in lieu of paying the Early Redemption Amount, the Reference Assets or the Deliverable Obligations to be delivered upon redemption of each Note) and at the same time deliver a copy of the Special Redemption Notice to the Principal Paying Agent and the Relevant Clearing System.

Notwithstanding the foregoing, if any Restricted Note is to be redeemed by delivery of the Reference Assets or the Deliverable Amount, any relevant provisions which modify the foregoing relating to such redemption and delivery, including the notices and certifications required, shall be as set out in the applicable Final Terms.

Unless otherwise specified in the relevant Final Terms, delivery of the Reference Assets or the Deliverable Obligations on the Physical Delivery Date, to, or to the order of, the relevant Noteholder is conditional upon the Noteholder delivering in writing or by facsimile or electronically to the Delivery Agent, with a copy to the Principal Paying Agent, Issuer and Approved Intermediary, a duly completed Noteholder's Information Notice not later than the Redemption Notice Time on the Early Redemption Date, which notice may specify that it is subject to any additional conditions or requirements specified in the Special Redemption Notice.

(B) Effect of Maturity Information Notice and Noteholder's Information Notice

- (i) Effect of Maturity Information Notice and Noteholder's Information Notice where Notes are being redeemed on the Maturity Date or pursuant to Condition 7.3 (*Early Redemption at the option of the Issuer*) or Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) or Condition 7.5 (*Early Redemption for tax reasons*) or Condition 10.1(B) (*Adjustments to Equity Linked Notes and Equity Baskets, Merger Events, Nationalisation, Insolvency, Delisting and Tender Offers*) or Condition 10.2(A) (*Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation, Disruption or Adjustment Event*).

A Maturity Information Notice or a Noteholder's Information Notice, as the case may be, if delivered in accordance with Conditions 8.3(A)(i), 8.3(A)(iii) and 8.3(A)(iv) above, as the case may be, shall, inter alia, constitute and be substantially to the following effect:

- (a) an irrevocable instruction to the Relevant Clearing System to debit the designated Securities Account for each Note to be redeemed on the Maturity Date or Early Redemption Date, as the case may be and an authorisation to the Principal Paying Agent to so direct the Relevant Clearing System on behalf of the Noteholder;
- (b) if the Issuer elects to deliver the Reference Assets or, in the case of Credit Linked Notes, the Deliverable Amount, in lieu of paying the Redemption Amount or Early Redemption Amount, as the case may be, notification of the name and address of the Approved Intermediary to whom the Reference Assets or the Deliverable Obligations should be transferred and of the name and address of the Approved Intermediary to whom the Transfer Documentation in respect of the Reference Assets or the Deliverable Obligations should be delivered (if the Reference Assets are equity units such information should relate to each security comprised in such equity units) and notification of the name and the number of the Noteholder's Cash Account with the Relevant Clearing System to be credited

with any cash payable by the Issuer, in the event of a Settlement Disruption Event or otherwise;

- (c) notification of the name(s) and number(s) of the relevant Securities Account(s) and Cash Account(s);
 - (d) an undertaking by the relevant Noteholder to pay any applicable Redemption Expenses in accordance with Condition 8.5 (*Settlement by the Issuer*) and an authority to debit a specified account of the Noteholder at the Relevant Clearing System in respect thereof; and
 - (e) an undertaking by the relevant Noteholder to pay any applicable Taxes in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*).
- (ii) Effect of Early Redemption Notice where Notes are being redeemed by the Issuer at the request of a Noteholder

If the relevant Final Terms specify that the Notes may be redeemed by the Issuer at the request of Noteholders pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*), an Early Redemption Notice delivered in accordance with Condition 8.3(A)(ii) (*Where Notes are being redeemed by the Issuer at the request of a Noteholder pursuant to Condition 7.2 (Early Redemption at the option of Noteholders)*) shall, inter alia, constitute and be substantially to the following effect:

- (a) an irrevocable notice of the intention of the Noteholder to require the Issuer to redeem the Notes therein referred to as permitted by Condition 7.2 (*Early Redemption at the option of Noteholders*) and notification of the number and Series of Notes which the Noteholder wishes the Issuer to redeem, subject to the minimum and maximum redemption requirements and integral multiples requirements specified in Condition 11 (*Limits on Number of Notes that can be redeemed*), provided that if the number of Notes specified in the Early Redemption Notice exceeds the number of Notes held in the Securities Account specified therein, such Early Redemption Notice shall be void;
- (b) an irrevocable instruction to the Relevant Clearing System to debit the designated Securities Account for each Note to be redeemed on the Early Redemption Date and an authorisation to the Principal Paying Agent to so direct the Relevant Clearing System on behalf of the Noteholder;
- (c) if the Issuer elects to deliver the Reference Assets or, in the case of Credit Linked Notes, the Deliverable Amount in lieu of paying the Early Redemption Amount, notification of the name and address of the Approved Intermediary to whom the Reference Assets or the Deliverable Obligations should be

transferred and the name and address of the Approved Intermediary to whom the Transfer Documentation in respect of the Reference Assets or the Deliverable Obligations should be delivered (if the Reference Assets are equity units such information should relate to each security comprised in such equity units) and notification of the name and the number of the Noteholder's Cash Account with the Relevant Clearing System to be credited with any cash payable by the Issuer in the event of a Settlement Disruption Event or otherwise;

- (d) notification of the name(s) and number(s) of the relevant Securities Account(s) and Cash Account(s);
- (e) an undertaking to pay any applicable Redemption Expenses in accordance with Condition 8.5 (*Settlement by the Issuer*) and an authority to debit a specified account of the Noteholder at the Relevant Clearing System in respect thereof; and
- (f) an undertaking by the relevant Noteholder to pay any applicable Taxes in accordance with Conditions 8.5 (*Settlement by the Issuer*) and 12 (*Taxation*).

8.4 Liability

Redemption of the Notes, payments by the Issuer, the Guarantor and any Paying Agent and any transfer of the Reference Assets or Deliverable Obligations by the Delivery Agent and/or Issuer and/or any Paying Agent and/or the Trustee will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at such time (including, without limitation, any relevant exchange control laws or regulations and the Relevant Rules) and neither the Issuer, the Guarantor, the Delivery Agent, any Paying Agent nor the Trustee shall incur any liability whatsoever if the Issuer, the Guarantor, the Delivery Agent, any Paying Agent and/or the Trustee is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer, the Guarantor, the Delivery Agent, any Paying Agent nor the Trustee shall under any circumstances be liable for any acts or defaults of the Relevant Clearing System in the performance of its duties in relation to the Notes and neither the Issuer, the Guarantor, any Paying Agent nor the Trustee shall under any circumstances be liable for any acts or defaults of the relevant Exchanges and/or Delivery Agent in relation to their respective duties in relation to the Notes and the delivery of Reference Assets or Deliverable Obligations.

8.5 Settlement by the Issuer

Subject to compliance by the Noteholder with the redemption procedures set out herein (and in the applicable Final Terms, where specified), the Issuer will, where applicable, comply with the following:

(A) Settlement by delivery of Reference Assets

- (i) Redemption Expenses and Taxes associated with the delivery of any Reference Assets (including for the avoidance of doubt, in the case of an equity unit, the securities comprised in such equity unit) or, in the case of a Credit Linked Note, any Deliverable Obligations will be for the account of the relevant Noteholder. No delivery by the Delivery Agent of a fraction of Reference Assets or Deliverable Obligation shall be made. Notes redeemed at the same time by the same Noteholder will be aggregated for the purpose of determining the aggregate number of Reference Assets or Deliverable Obligations to be delivered and in the case of Equity Basket Notes, Notes redeemed at the same time by the same Noteholder shall be aggregated for the purpose of determining the aggregate number of Baskets of Securities to be delivered and the aggregate number of each of the Reference Assets forming part of the relevant Baskets of Securities to be delivered. Where there is a fraction of a Reference Asset or a Deliverable Obligation, a Noteholder will be entitled to receive an amount in cash rounded to the nearest whole unit of currency in lieu of such fraction.
- (ii) No Noteholder will be entitled to receive dividends declared or paid in respect of any Reference Assets or to any other rights relating to or arising out of any such Reference Assets if the record date for the relevant dividend or relevant right in respect of such Reference Assets falls before the relevant Physical Delivery Date.
- (iii) If the Issuer has elected to make a delivery of the Reference Assets or the Deliverable Amount, but any Redemption Expenses incurred have not been paid for by the Noteholder or reimbursed to the Issuer, then the Delivery Agent and the Issuer shall be under no obligation to transfer the Reference Assets or the Deliverable Amount or make any payment of any nature to the relevant Noteholder in respect of the Notes being redeemed, and the Maturity Information Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, delivered in respect of such Notes shall thereafter be null and void for all purposes.
- (iv) If the Issuer elects to deliver Reference Assets or the Deliverable Amount in lieu of the Redemption Amount (or the Early Redemption Amount), then, as soon as practicable after the Valuation Date, it will confirm to the Delivery Agent, the Principal Paying Agent and the Relevant Clearing System the Reference Assets or Deliverable Obligations being delivered upon redemption of each Note and the amount of any Taxes which the Issuer or the Guarantor is required to withhold or deduct and any Redemption Expenses incurred by the Issuer relating thereto. Subject to receipt of such information and subject to compliance by the Noteholder with the redemption procedure set out herein (and in the applicable Final Terms, where specified), the Approved Intermediary or Relevant Clearing System will on or before the Physical Delivery Date transfer from the Cash Account of the

relevant Noteholder to the account of the Issuer an amount equal to (1) any such Taxes and (2) any such Redemption Expenses.

- (v) The Issuer and the Delivery Agent will ensure that delivery of the Reference Assets or the Deliverable Amount to the Noteholder takes place on the Physical Delivery Date. In the event that a Noteholder requests that delivery of the Reference Assets or the Deliverable Amount be made at a location or in a method that is different from that in the applicable Final Terms, the Issuer and the Delivery Agent will, without any obligation whatsoever and provided that no additional unreimbursed costs are incurred, seek to deliver the Reference Assets or the Deliverable Amount to such location and/or by such method. Settlement will take place in accordance with the relevant method of settlement.
- (vi) Unless notified to the contrary, the Issuer and the Delivery Agent shall, subject as provided below, on the relevant Physical Delivery Date deliver or procure the delivery of the Transfer Documentation relating to the Reference Assets or the Deliverable Amount being so transferred (or in the case of a Reference Asset that is an equity unit, the Transfer Documentation in respect of such equity unit) to or to the order of the Noteholder or to such Approved Intermediary as the Noteholder has specified in the relevant Maturity Information Notice.

(B) Cash Settlement

The Issuer will, if it does not elect to deliver the Reference Assets or the Deliverable Amount in lieu of payment of the Redemption Amount or the Early Redemption Amount, as applicable, and subject to compliance by the Noteholder with the redemption procedure set out herein (and in the applicable Final Terms, where specified), pay or cause to be paid, on the relevant Maturity Date, or Early Redemption Date, as applicable, the Redemption Amount or the Early Redemption Amount, as applicable, (less any Taxes or Redemption Expenses that the Issuer is authorised or required to deduct) to the Relevant Clearing System for credit to the relevant Noteholder's Cash Account designated in the Maturity Information Notice, Early Redemption Notice, or Noteholder's Information Notice as applicable, for value on the Maturity Date or the Early Redemption Date, as applicable. Neither the Issuer nor the Guarantor shall be liable for the failure of any third party to credit the Noteholder's Cash Account or for payment effected to persons not entitled thereto.

8.6 Settlement Disruption Event

(A) Effect on Physical Delivery Date

If the Issuer has elected to deliver Reference Assets in lieu of paying the Redemption Amount or the Early Redemption Amount, as the case may be, and a Settlement Disruption Event prevents the delivery of such Reference Assets on the Physical Delivery Date, then the Physical Delivery Date will be the first succeeding day on which delivery of the Reference Assets can take place

through the Relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the 10 Relevant Clearing System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Physical Delivery Date. If settlement is prevented on each such 10 Relevant Clearing System Business Days, the Issuer shall notify the Trustee and the Noteholders.

In that case, the Issuer may in its sole discretion elect to (1) satisfy its obligations in respect of the relevant Note by payment in cash of the Redemption Amount or the Early Redemption Amount, as the case may be, not later than the third Business Day following the date that the notice of such election is given to Noteholders in accordance with Condition 18 (*Notices*), or (2) if the Reference Assets can be delivered in any other commercially reasonable manner, as determined by the Issuer and the Delivery Agent in their discretion, designate that the Physical Delivery Date will be the first day on which settlement of a sale of the Reference Assets executed on that tenth Relevant Clearing System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner of delivery will be deemed the Relevant Clearing System for the purposes of delivery of the relevant Reference Assets). All determinations made by the Issuer and the Delivery Agent will be conclusive and binding upon the Noteholders, the Trustee, the Guarantor, the Delivery Agent and the Issuer except in the case of manifest error.

For so long as the delivery of the Reference Assets in respect of any Note is not practicable by reason of a Settlement Disruption Event, the relevant Noteholders shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Reference Assets pursuant to this paragraph.

(B) Undeliverable Obligations

If the Issuer has elected to deliver the Deliverable Amount in lieu of paying the Redemption Amount or the Early Redemption Amount, as the case may be, in respect of Credit Linked Notes and such Deliverable Amount includes Undeliverable Obligations, where the Issuer or the Delivery Agent is unable to deliver such Undeliverable Obligations on the Physical Delivery Date, it shall notify the Trustee and the Noteholders and continue to attempt to deliver all or a portion of such Undeliverable Obligations on or before the 30th Business Day following the Physical Delivery Date (the "**Final Delivery Date**").

If all or a portion of the Undeliverable Obligations constituting the Deliverable Amount are not delivered by a Final Delivery Date, the Issuer shall give notice (a "**Cash Settlement Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation the Cash Settlement Amount on the date falling 3 Business Days after the Final Delivery Date.

8.7 Determinations where Notes are being redeemed by the Issuer on the Maturity Date or on the Early Redemption Date

Any determinations as to whether a Maturity Information Notice, an Early Redemption Notice or a Noteholder's Information Notice, as the case may be, is duly completed and in proper form shall be made by the Delivery Agent in consultation with the Issuer and shall be conclusive and binding on the Issuer, the Guarantor, the Paying Agents, the Principal Paying Agent, the Trustee, the Delivery Agent and the relevant Noteholder. Any Maturity Information Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, so determined to be incomplete or not in proper form or which is not copied to the Principal Paying Agent, Approved Intermediary and Issuer or Delivery Agent, as appropriate, immediately after being sent to the Issuer or Delivery Agent, as appropriate, shall be null and void unless the Issuer agrees otherwise. If such Maturity Information Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, is subsequently corrected to the satisfaction of the Delivery Agent and Issuer, it shall be deemed to be a new Maturity Information Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, submitted at the time such correction is delivered to the Issuer or Delivery Agent, as appropriate.

8.8 Effect of Early Redemption Notice, Issuer Redemption Notice and Special Redemption Notice

- (A) Where Notes are being redeemed by the Issuer at the request of Noteholders pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*)

Delivery of an Early Redemption Notice in writing or by facsimile or electronically shall constitute an irrevocable election by the relevant Noteholder to require the Issuer to redeem the Notes specified therein. After the delivery of such Early Redemption Notice, the relevant Noteholder may not transfer such Notes. If, notwithstanding the foregoing, any Noteholder does so transfer or attempts so to transfer such Notes, the Noteholder will be liable to the Issuer for any loss, costs and expenses suffered or incurred by the Issuer or any of its affiliates through which it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its affiliates through which it has hedged its position having terminated or commenced any related hedging arrangements in reliance on the relevant Early Redemption Notice and subsequently (i) entering into replacement hedging arrangements in respect for such Notes or (ii) paying any amount on the subsequent redemption of such Notes without having entered into any replacement hedging arrangements.

- (B) Where Notes are being redeemed by the Issuer pursuant to Condition 7.3 (*Early Redemption at the option of the Issuer*) or Condition 7.4 (*Early Redemption following the occurrence of a Change in Law*) or Condition 7.5 (*Early Redemption for tax reasons*) or Condition 10.1(B) (*Adjustments to Equity Linked Notes and Equity Baskets, Merger Events, Nationalisation, Insolvency, Delisting and Tender Offers*) or Condition 10.2(A) (*Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation, Disruption or Adjustment Event*).

Upon the expiry of an Issuer Redemption Notice or a Special Redemption Notice, as the case may be, that has been given in the prescribed manner, the Issuer shall, subject to the requirements of these Conditions, be bound to redeem the Notes of the relevant Series unless previously redeemed or purchased and cancelled.

8.9 Currency

- (A) Exchange Date

Where the price(s) for the Reference Assets or Relevant Index is (are) quoted in a currency other than the currency in which any Cash Settlement in respect of the relevant Notes is required to be made, the exchange rate for conversion into the currency in which any Cash Settlement in respect of the relevant Notes is required to be made will be that determined by the Determination Agent by reference to the relevant Reuters page or other reference source specified in the applicable Final Terms or will be the exchange rate quoted by the reference bank or relevant central bank specified in the applicable Final Terms, at a time or times on the Valuation Date as specified in the relevant Final Terms or, if no such time is specified, then at 5:00 pm (London time) on the Valuation Date.

- (B) Change in Currency

- (i) If at any time there is a change in the currency of a country such that the central bank of that country recognises more than one currency or currency unit or a different currency or currency unit as the lawful currency of that country, then references in, and obligations arising under, the Notes at the time of any such change that are expressed in the currency of that country shall be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall be paid in, the currency or currency unit of that country, and in the manner, designated by the Determination Agent.

Any such translation shall be made at the official rate of exchange recognised for that purpose by the central bank of such country.

- (ii) Where such a change in currency occurs, the Global Note in respect of the Notes then outstanding and the Terms and Conditions relating to such Notes shall be amended in the manner agreed by the Issuer, the Guarantor and the Determination Agent so as to reflect the change and, so far as practicable, to place the Issuer, the Guarantor and the

Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency), provided that any such amendments will only be made in a manner that is consistent with the hedging arrangements entered into by the Issuer in connection with such Notes. All amendments made pursuant to this Condition 8.9(B) will be binding upon the Noteholders, Receiptholders, Couponholders and the Trustee.

- (iii) Notification of any amendments made to the Notes pursuant to this Condition 8.9(B) will be made in accordance with Condition 18 (*Notices*), which will state, inter alia, the date on which such amendments are to take or took effect, as the case may be.

9. RIGHTS OF THE ISSUER IN THE EVENT OF A DISRUPTED DAY OR DISRUPTION EVENT

9.1 Equity Linked Notes and Equity Basket Notes

If, in the opinion of the Determination Agent, any Valuation Date is a Disrupted Day, then:

- (A) in the case of an Equity Linked Note in respect of which the applicable Final Terms specify only one type of Underlying Security, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the Disrupted Days, would have been the Valuation Date (the “**Scheduled Valuation Date**”) is a Disrupted Day, in which case that eighth Scheduled Trading Day shall be deemed to be the Valuation Date notwithstanding the fact that it is a Disrupted Day, and the Determination Agent shall estimate in good faith the relevant Exchange traded price for such Underlying Securities that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day; and
- (B) in the case of Equity Basket Notes, the Valuation Date for each Underlying Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day, in which case that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Underlying Security notwithstanding the fact that it is a Disrupted Day and the Determination Agent shall estimate in good faith the relevant Exchange traded price for such Underlying Security that would have prevailed on that eighth Scheduled Trading Day but for that Disrupted Day.

All determinations made by the Determination Agent pursuant to this Condition will be conclusive and binding on the Noteholders, Receiptholders, Couponholders, the

Trustee, the Guarantor, the Paying Agents and the Issuer except in the case of manifest error. Notice of the Exchange's traded price for the relevant Underlying Securities, determined in accordance with this Condition 9.1, shall only be provided to those Noteholders affected by the occurrence of the Disrupted Days.

If, by virtue of the operation of this Condition 9.1, any Valuation Date is postponed to or after the Maturity Date, the Physical Delivery Date, the Early Redemption Date or any other date on which the amount of payment or quantity of delivery to be made by the Issuer is dependent on any price or level being established on such Valuation Date, as the case may be (each such date an "**Affected Date**"), such Affected Date shall be postponed to the third Business Day after that Valuation Date or, if applicable, the last of such Valuation Dates so postponed.

9.2 Single Index Notes and Basket of Indices Notes

If, in the opinion of the Determination Agent, any Valuation Date is a Disrupted Day, then:

- (A) in the case of Single Index Notes, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent shall determine the level of the Index in the manner set out in the applicable Final Terms or, if not set out or not practicable, shall determine the level of the Index as of the Valuation Time on the eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the relevant Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security included in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant Underlying Security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant Underlying Security as of the Valuation Time on that eighth Scheduled Trading Day); and
- (B) in the case of Basket of Indices Notes, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an "**Affected Index**") shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Index. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Determination Agent shall determine the level of the Basket of Indices using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day determined in accordance with the

formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security included in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Schedule Trading Day).

If, by virtue of the operation of this Condition 9.2, any Valuation Date is postponed to or after an Affected Date, such Affected Date shall be postponed to the third Business Day after that Valuation Date or, if applicable, the last such Valuation Date so postponed.

In the case of a Disrupted Day occurring prior to the Valuation Date, the level of any Index calculated by the Determination Agent in accordance with this Condition 9.2 shall only be notified to those Noteholders (if any) seeking to redeem their Notes at the time of the occurrence of the Disrupted Days.

9.3 Currency Linked Notes

(A) Determination of Disruption Event

If, in the opinion of the Determination Agent, a Disruption Event has occurred and is continuing on any Valuation Date, then such Valuation Date shall be postponed to the first following Business Day in respect of which there is no such Disruption Event, provided, however, that in no event shall the Valuation Date be later than the eighth Business Day after the original date that but for such Disruption Event would have been the Valuation Date and if a Disruption Event in relation to an Exchange Rate is continuing on such eighth Business Day, the Valuation Date shall be such eighth Business Day and the Issuer shall pay in lieu of payment of the Redemption Amount or the Early Redemption Amount on the Maturity Date or Early Redemption Date, as the case may be, the Disruption Redemption Amount on the third Business Day following such eighth Business Day. If a Valuation Date is postponed to or after the Maturity Date or Early Redemption Date or any other date on which the amount of payment to be made by the Issuer is dependent on any Exchange Rate being established on such Valuation Date (each such date an “**Affected Currency Date**”), such Affected Currency Date shall be postponed to the third Business Day after that Valuation Date or, if applicable, the last such Valuation Date so postponed. All determinations made by the Determination Agent pursuant to this Condition 9.3 will be conclusive and binding on the Noteholders, the Receiptholders, the Couponholders, the Trustee, the Guarantor and the Issuer except in the case of manifest error. Notice of the Disruption Redemption Amount, determined in accordance with this Condition 9.3, shall only be provided to holders of Notes affected by the Disruption Event.

“**Disruption Event**”, in respect of Currency Linked Notes, means the occurrence of any of the following events:

- (i) Price Source Disruption;

- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate; or
- (iv) any other event that, in the opinion of the Determination Agent, materially affects dealings in the Notes of any Series or affects the ability of the Issuer to meet any of its obligations under the Notes of any Series or under any related hedge transactions.

(B) Calculation of Rates for Certain Settlement Rate Options

- (i) If any of the Exchange Rates specified in the applicable Final Terms are published or announced by more than one price source and the price source referred to in such applicable Final Terms fails to publish or announce that Exchange Rate on the Rate Calculation Date (or, if different, the day on which rates for that date would, in the ordinary course, be published or announced by such price source), then the Spot Rate for that Rate Calculation Date will be determined by the Determination Agent in its absolute discretion.
- (ii) If the Exchange Rates specified in the relevant Final Terms are reported, sanctioned, recognised, published, announced or adopted (or are the subject of other similar action) by the relevant Governmental Authority and such Exchange Rate ceases to exist and is replaced by a successor currency exchange rate that is reported, sanctioned, recognised, published, announced or adopted (or other similar action) by such Governmental Authority (the “**Official Successor Rate**”), then the Spot Rate for the relevant Rate Calculation Date will be determined by the Determination Agent in its absolute discretion.
- (iii) For the purposes of determining the Spot Rate for any Rate Calculation Date in any case where the Spot Rate for a Rate Calculation Date is based on information obtained from the Reuters Monitor Money Rates Service or the Dow Jones Telerate Service, the Spot Rate will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such notice.

Notwithstanding the preceding paragraph, in any case where the Spot Rate for a Rate Calculation Date is based on the information published or announced by a Governmental Authority in the relevant country, the Spot Rate will be subject to the correction, if any, to that information subsequently published or announced by that source within the shorter of the period of five days from the Rate Calculation Date and the period expiring on the Business Day prior to the Maturity Date or Early Redemption Date, as the case may be.

In the event that both this paragraph (B) and paragraph (A) above are applicable, the Determination Agent shall have the absolute discretion to determine which paragraph shall apply.

9.4 Averaging

In the case of an Averaging Date being a Disrupted Day if, in relation to “**Averaging Date Disruption**”, the consequence specified in the Final Terms is:

- (A) “Omission”, then such Averaging Date will be deemed not to be a relevant Averaging Date, provided that if through the operation of this provision there would not be an Averaging Date with respect to the relevant Valuation Date, then Conditions 9.1 or 9.2 above, as the case may be, will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (B) “Postponement”, then Conditions 9.1 or 9.2 above, as the case may be, will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (C) “Modified Postponement”, then:
 - (i) in the case of an Equity Linked Note or a Single Index Note, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (2) the Determination Agent shall determine the relevant level or price for that Averaging Date in accordance with Conditions 9.1 or 9.2 above, as the case may be; and
 - (ii) in the case of an Equity Basket Note or a Basket of Indices Note, the Averaging Date for each Underlying Security or Relevant Index not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Final Terms as an Averaging Date in respect of the relevant Valuation Date, and the Averaging Date for an Underlying Security or Relevant Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Underlying Security or Relevant Index. If the first succeeding Valid Date in respect of such Underlying Security or Relevant Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (1) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading

Day is already an Averaging Date) in respect of such Underlying Security or Relevant Index and (2) the Determination Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with Conditions 9.1 or 9.2 above, as the case may be; or

- (D) If, by the operation of Condition 9.4(A), (B) or (C) above, any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then the relevant Maturity Date, Physical Delivery Date, Early Redemption Date or any other date on which the amount of payment or quantity of the delivery to be made by the Issuer is dependent on any price or level being established on an Averaging Date, as the case may be, shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

9.5 Commodity Linked Notes

- (A) ISDA Determination

In relation to Commodity Linked Notes, in determining the Relevant Commodity Price for a Relevant Commodity or a Commodity Index, the terms of the 2005 ISDA Commodity Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Commodity Definitions**”) shall be incorporated in the applicable Final Terms (other than as modified in the applicable Final Terms and at Condition 9.5(D) below) such that:

- (i) the Commodity Reference Price is as specified in the applicable Final Terms;
- (ii) the Specified Price is as specified in the applicable Final Terms;
- (iii) the Delivery Date (if any) is as specified in the applicable Final Terms; and
- (iv) the Pricing Date(s) is/are date(s) as specified in the applicable Final Terms.

- (B) Commodity Market Disruption Event and Disruption Fallback

If, in the opinion of the Determination Agent, a Commodity Market Disruption Event has occurred and is continuing on any Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Commodity Price for that Pricing Date will be determined by the Determination Agent in accordance with the first applicable Disruption Fallback that provides a Relevant Commodity Price.

- (C) Common Pricing

With respect to Notes relating to a Basket of Commodities, if “Common Pricing” has been selected in the applicable Final Terms as:

- (i) “Applicable” then, no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the Notes as of the time of issue of the Note; or
- (ii) “Inapplicable” then, if the Determination Agent determines that a Commodity Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index in the basket (the “**Affected Commodity**”), the Relevant Commodity Price of each Relevant Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Commodity Market Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Commodity Price for the Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Commodity Price.

All determinations made by the Determination Agent pursuant to this Condition will be conclusive and binding on the Noteholders, the Receiptholders, the Couponholders, the Trustee, the Guarantor and the Issuer except in the case of manifest error. If, pursuant to the operation of this Condition 9.5, any Pricing Date would be postponed to or after an Affected Date, such Affected Date shall be postponed to the third Business Day after that Pricing Date or, if applicable, the last such Pricing Date so postponed.

(D) Definitions for Commodity Linked Notes

- (i) “**Commodity Market Disruption Event**” means the occurrence of any of the following events:
 - (a) with respect to a Relevant Commodity:
 - (1) Price Source Disruption;
 - (2) Trading Disruption;
 - (3) Disappearance of Commodity Reference Price;
 - (4) Material Change in Formula;
 - (5) Material Change in Content; and
 - (6) any additional Commodity Market Disruption Events specified in the applicable Final Terms.
 - (b) With respect to a Commodity Index:
 - (1) a temporary or permanent failure by the applicable exchange or other price source to announce or publish

- (a) the final settlement price for the Commodity Reference Price or (b) closing price for any Futures Contract included in the Commodity Reference Price;
- (2) a material limitation, suspension or disruption of trading in one or more of the Futures Contracts included in the Commodity Reference Price which results in a failure by the exchange on which each applicable Futures Contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
- (3) the closing price for any Futures Contract included in the Commodity Reference Price is a “limit price”, which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules.
- (ii) **“Disruption Fallback”** means a source or method that may give rise to an alternative basis for determining the Relevant Commodity Price in respect of a specified Commodity Reference Price when a Commodity Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Note. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall be deemed to mean:
- (a) With respect to a Relevant Commodity, (in the following order):
- (1) Fallback Reference Price (if applicable);
- (2) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date), provided, however, that the price determined by Postponement shall be the Relevant Commodity Price only if Delayed Publication or Announcement does not yield a Relevant Price within that two consecutive Commodity Business Days); and
- (3) Determination Agent Determination.
- (b) With respect to a Commodity Index, the following fallback determination mechanism:
- (1) with respect to each Futures Contract included in the Commodity Reference Price which is not affected by the Market Disruption Event, the Relevant Commodity

Price will be based on the closing prices of each such contract on the applicable determination date;

- (2) with respect to each Futures Contract included in the Commodity Reference Price which is affected by the Market Disruption Event, the Relevant Commodity Price will be based on the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract;
 - (3) subject to Paragraph (4) below, the Determination Agent shall determine the Relevant Commodity Price by reference to the closing prices determined in subparagraphs (1) and (2) above using the then current method for calculating the Relevant Commodity Price; and
 - (4) where a Commodity Market Disruption Event with respect to one or more Futures Contracts included in the Commodity Reference Price continues to exist (measured from and including the first day following the applicable determination date) for five consecutive Trading Days, the Determination Agent shall determine the Relevant Commodity Price in good faith and in a commercially reasonable manner.
- (iii) **“Fallback Reference Price”**, in respect of Commodity Linked Notes, means that the Determination Agent will determine the Relevant Commodity Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Commodity Market Disruption Event.
 - (iv) **“Determination Agent Determination”** in respect of Commodity Linked Notes, means that the Determination Agent will determine the Relevant Commodity Price (or a method for determining the Relevant Commodity Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.
 - (v) **“Delayed Publication or Announcement”**, in respect of Commodity Linked Notes, means that the Relevant Commodity Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Commodity Market Disruption Event ceases to exist, unless that Commodity Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Commodity Price continues to be unavailable for two

consecutive Commodity Business Days. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

- (vi) **“Postponement”**, in respect of Commodity Linked Notes, means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Commodity Market Disruption Event ceases to exist, unless that Commodity Market Disruption Event continues to exist for two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date). In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.
- (vii) **“Trading Day”** means, for the purposes of “Disruption Fallback” and Condition 10.3(B) (*Adjustments to Commodity Index Notes*) below, a day when:
 - (a) the Determination Agent is open for business in London and New York; and
 - (b) the exchanges of all Futures Contracts included in the Commodity Reference Price are open for trading.
- (viii) All references to “Calculation Agent” in the ISDA Commodity Definitions that are incorporated in the applicable Final Terms pursuant to Condition 9.5(A) above shall be replaced by “Determination Agent”.

10. ADJUSTMENTS

10.1 Adjustments to Equity Linked Notes and Equity Basket Notes

(A) Potential Adjustment Events

The Issuer may at any time determine and declare that a Potential Adjustment Event has occurred. Following such declaration by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Underlying Shares or Underlying Securities and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Notes as the Determination Agent determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date(s) of the adjustment(s). The Determination Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an Options Exchange to options on the relevant Underlying Shares or Underlying Securities traded on that Options Exchange.

If the Determination Agent determines that appropriate adjustments should be made in respect of any Potential Adjustment Event and such determination will affect any amount payable or any Reference Assets deliverable on any

scheduled payment date or settlement date and such determination cannot be made before such scheduled payment date or settlement date by the Determination Agent, the Determination Agent shall as soon as practicable notify the Issuer, the Delivery Agent, the Principal Paying Agent and the Noteholders and that payment date or settlement date shall be delayed to fall on the third Business Day following the determination by the Determination Agent.

(B) Merger Events, Nationalisation, Insolvency, Delisting and Tender Offers

If a Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer occurs, in each case, in relation to an Underlying Company, an Underlying Security or an Underlying Share, the Issuer in its sole and absolute discretion may:

- (i) require the Determination Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms (including, but without limitation, the Redemption Amount, settlement or exercise terms) of the Notes to account for the Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer, as the case may be, and determine the effective date of that adjustment; or
- (ii) by giving not less than 15 days nor more than 30 days notice to the Noteholders (or such other period of notice as specified in the relevant Final Terms) by way of an Issuer Redemption Notice in accordance with Condition 8.3(A)(iii) (*Redemption Notices generally, Where Notes are being redeemed by the Issuer pursuant to Condition 7.3 (Early Redemption at the option of the Issuer)*), redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Specified Denomination being redeemed at the Early Redemption Amount.

If the provisions of Condition 10.1(B)(i) apply, the Determination Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer, as the case may be, made by an Options Exchange to options on the Underlying Shares or Underlying Securities traded on that Options Exchange.

Upon the occurrence (if applicable) of a Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer, the Determination Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 18 (*Notices*) stating the occurrence of the Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

If the Determination Agent determines that appropriate adjustments should be made in respect of a Merger Event, Nationalisation, Insolvency, Delisting or Tender Offer, as the case may be, and such determination will affect any amount payable or any Reference Assets deliverable on any scheduled payment date or settlement date and such determination cannot be made before such scheduled payment date or settlement date by the Determination Agent, the Determination Agent shall as soon as practicable notify the Issuer,

the Delivery Agent, the Principal Paying Agent and the Noteholders that payment date or settlement date shall be delayed to fall on the third Business Day following the determination by the Determination Agent.

(C) Substitution of Shares

If “Substitution of Shares” is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the “**Affected Shares**”) then without prejudice to any other rights that the Issuer may have under the Notes, the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the “**Substitute Shares**”) as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as of the Announcement Date or the Tender Offer Date (such dates together, the “**Relevant Equity Date**”), as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate including, but not limited to, the following:

- (i) the Substitute Shares shall be of same broad economic sector as the Underlying Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Underlying Company of the Affected Shares; and
- (iii) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

$$\text{Initial Price} = \text{Substitute Price} \times (\text{Affected Share}(k)/\text{Affected Share}(j))$$

where:

“**Substitute Price**” means the official closing price per Share of the relevant Substitute Shares as of the Valuation Time on the dates on which the Affected Share(j) is determined or if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

“**Affected Share(k)**” means the Initial Price of the relevant Affected Shares; and

“**Affected Share(j)**” means the last closing price per Share of the Affected Shares on or prior to the Relevant Date.

The Determination Agent shall notify the Noteholders as soon as practicable after the selection of the Substitute Shares and the failure by the Determination

Agent to give such notice shall not however prejudice or invalidate the Substitute Shares being included in the Basket of Shares as of the time and date specified above.

10.2 Adjustments to Single Index Notes and Basket of Indices Notes

In relation to Single Index Notes and Basket of Indices Notes the following adjustments will occur in the following circumstances:

- (A) Index Modification, Cancellation, Disruption or Adjustment Event
- (i) If an Index is permanently cancelled or is not calculated and announced by the Sponsor of such Index or any of its affiliates but (a) is calculated and announced by a Successor Sponsor acceptable to the Determination Agent, or (b) replaced by a Successor Index using, in the determination of the Determination Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Index, then the Index will be so calculated and announced by that Successor Sponsor or that Successor Index, as the case may be.
 - (ii) If, on or prior to the Maturity Date or Early Redemption Date, in relation to an Index (a) the Sponsor makes a material change in the formula for or the method of calculating such Index or in any other way materially (as determined by the Determination Agent) modifies such Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events), or (b) the Sponsor permanently cancels the Index and no Successor Index exists or (c) the Sponsor fails to calculate and announce the Index and the Determination Agent determines that there is no Successor Sponsor or Successor Index, then the Determination Agent may at its option (in the case of (a)) and shall (in the case of (b) and (c) (such events (a) (b) & (c) to be collectively referred to as “**Index Adjustment Events**”)) calculate on each date on which the level of the Index is to be calculated including, without limitation, any Averaging Date (the “**Determination Date**”) the relevant level of that Index using in lieu of the published level for that relevant Index (if any), the level for that Index as at the Determination Date as determined by the Determination Agent in accordance with the formula for and method of calculating that Index last in effect prior to the relevant Index Adjustment Event (as the case may be), but using only those Securities that constituted the relevant Index immediately prior to the relevant Index Adjustment Event (as the case may be) (other than those securities that have since ceased to be listed on any relevant Exchange).

If the Determination Agent’s calculation of the level of an Index following an Index Adjustment Event will affect any amount payable on or any Reference Assets deliverable on any scheduled payment or settlement date and such calculation cannot be made before such scheduled payment or settlement date by the Determination Agent, the Determination Agent shall as soon as

practicable notify the Issuer, the Delivery Agent, the Principal Paying Agent and the Noteholders and that payment date shall be delayed to fall on the third Business Day following the determination by the Determination Agent.

In the event that the Determination Agent determines that it can no longer continue to calculate such Index, the Determination Agent shall in its sole discretion rebase the Notes against a comparable Index so as to maintain the economic equilibrium of the Notes. If the Determination Agent determines in its absolute discretion that this is not possible, the Issuer may on such date elect to redeem the Notes in accordance with the applicable provisions of Condition 7 (*Redemption*) and pay the Early Redemption Amount of such Notes.

(B) Correction of an Index

If the level of an Index published on any Determination Date and used or to be used by the Determination Agent to determine the relevant Index value is subsequently corrected and the correction is published by the Sponsor or a Successor Sponsor prior to the second Exchange Business Day preceding the Maturity Date or the Early Redemption Date, the Determination Agent shall recalculate the Redemption Amount or the Early Redemption Amount, as the case may be, using such corrected level of the relevant Index. The Determination Agent shall notify the Issuer, the Delivery Agent and the Principal Paying Agent and the Principal Paying Agent shall notify the Noteholders of (1) that correction and (2) the amount that is payable as a result of that correction.

10.3 Adjustments to Commodity Index Notes

- (A) If a Commodity Index with respect to a Commodity Reference Price is permanently cancelled or is not calculated and announced by the Sponsor of such Commodity Index or any of its affiliates but (i) is calculated and announced by a Successor Sponsor acceptable to the Determination Agent, or (ii) replaced by a Successor Index using, in the determination of the Determination Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Commodity Index, then the Commodity Reference Price will be determined by the Index so calculated and announced by that Successor Sponsor or that Successor Index, as the case may be.
- (B) If, for a Commodity Index with respect to a Commodity Reference Price, on or prior to the Maturity Date or Early Redemption Date, in relation to a Commodity Index (i) the Sponsor makes a material change in the formula for or the method of calculating such Commodity Index or in any other way materially (as determined by the Determination Agent) modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain the Commodity Index in the event of changes in constituent commodities and weightings and other routine events) or (ii) the Sponsor permanently cancels the Commodity Index or (iii) the Sponsor fails to calculate and announce the Commodity Index for a continuous period of three Trading Days and the Determination Agent determines that there is no Successor Sponsor or Successor Index, then the Determination Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii) (such events (i) (ii) & (iii) to be

collectively referred to as “**Commodity Index Adjustment Events**”) calculate the relevant Specified Price using in lieu of the published level for that Commodity Index (if any), the level for that Commodity Index as at the relevant determination date as determined by the Determination Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Commodity Index Adjustment Event (as the case may be), but using only those Futures Contracts that comprised that Index immediately prior to the relevant Commodity Index Adjustment Event (as the case may be) (other than those Futures Contracts that have ceased to be listed on any relevant Exchange).

(C) Adjustments to payment dates or settlement dates

If, as a result of a delay pursuant to the occurrence of a Commodity Market Disruption Event or Commodity Index Adjustment Event, a Relevant Commodity Price is unavailable to determine any amount payable or Reference Assets deliverable on any scheduled payment date or settlement date, that payment date or settlement date will be delayed to fall on the third Business Day following the determination of the Relevant Commodity Price under the Disruption Fallback provision or Adjustments to Commodity Index provision, as the case may be, and the Determination Agent shall notify the Issuer, the Determination Agent, the Principal Paying Agent and the Noteholder promptly. If a corresponding amount would otherwise have been payable in respect of the Notes on the same date that the delayed amount would have been payable but for the delay, the payment date or settlement date for that corresponding amount will be delayed to the same extent.

(D) Correction to Published Prices

For the purposes of determining or calculating the Relevant Commodity Price, if the price published or announced on a given day and used or to be used by the Determination Agent to determine the Relevant Commodity Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement, the Determination Agent may, in its sole discretion, recalculate the relevant payment amount, using such corrected price. The Determination Agent shall notify the Issuer, the Delivery Agent and the Principal Paying Agent and the Principal Paying Agent shall notify the Noteholders of any such correction, the revised Relevant Commodity Price and the relevant payment amount, as a result of that correction.

(E) Overlaps

If any provision in paragraphs (A), (B) or (D) above could apply in circumstances where Condition 9.5(D) (*Definitions for Commodity Linked Notes*) above could also apply, the Determination Agent shall have the absolute discretion to determine which provision shall apply.

10.4 Other Adjustments

Notwithstanding that an adjustment is required to be made by the provisions of this Condition 10 in respect of any event affecting an Underlying Company or its Underlying Securities, or an Index or its Sponsor, the Issuer reserves the right not to make that adjustment if, at the time the adjustment is to be made pursuant thereto, an option on the relevant Underlying Share or Index is traded on any Futures Exchange or Options Exchange and no adjustment is made by that Futures Exchange or Options Exchange to the entitlement under that traded option in respect of that event.

10.5 Notice of Adjustments

All determinations made by the Determination Agent or the Issuer pursuant to this Condition 10 shall be conclusive and binding on the Noteholders, Receiptholders and Couponholders except in the case of manifest error. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 18 (*Notices*).

10.6 Required Certifications

Notwithstanding the redemption of any Notes under this Condition 10 or under Condition 7 (*Redemption*), the holder of any such Notes shall not be entitled to receive payment for such Notes where such payment is physically settled by delivery of Reference Assets or the Deliverable Amount, as the case may be, until such time as it shall have delivered a notice containing the information required by Condition 8.3(B) (*Redemption Notices, Effect of Maturity Information Notice and Noteholder's Information Notice*) to the Delivery Agent (with a copy to the Principal Paying Agent, Issuer and Approved Intermediary).

11. LIMITS ON NUMBER OF NOTES THAT CAN BE REDEEMED

11.1 Minimum number of Notes redeemable

In respect of each Series of Notes, the Final Terms shall specify the minimum number of Notes that a Noteholder may require the Issuer to redeem at any one time in connection with an early redemption pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*) or Condition 8 (*Redemption Procedures*), and such Notes may only be redeemed by a Noteholder in such minimum units thereof.

11.2 Multiples of Notes redeemable

In respect of each Series of Notes, the Final Terms shall specify the multiple of Notes, if any, that a Noteholder may require the Issuer to redeem at any one time in connection with an early redemption pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*) or Condition 8 (*Redemption Procedures*), and such Notes may only be redeemed by a Noteholder in integral multiples thereof.

11.3 Maximum number of Notes redeemable

If the relevant Final Terms specify that the Notes are redeemable at the option of the Noteholders pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*), the Final Terms may specify the maximum number of Notes redeemable (the “**Daily Maximum Amount**”) on any particular day. If the Principal Paying Agent and the Delivery Agent determine on the Early Redemption Date that Early Redemption Notices given by Noteholders pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*) in respect of more than the Daily Maximum Amount have been received by the Issuer from any single Noteholder or from a group of Noteholders acting in concert, then the Principal Paying Agent and the Delivery Agent may deem the Early Redemption Date for Notes up to this Daily Maximum Amount (selected, in each case, by the Principal Paying Agent on a pro rata basis, to the extent possible, (failing which such selection to be by lot in accordance with the Rules of the Relevant Clearing System) to ensure that such Noteholder or group of Noteholders submitting an Early Redemption Notice pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*) is, notwithstanding the provisions of this Condition 11.3, complying with Conditions 11.1 and 11.2 above) to be such day, and the Early Redemption Date for each additional number of Notes up to this Daily Maximum Amount (and any remaining number thereof) to be each of the succeeding Business Days until all Notes, in respect of which Early Redemption Notices given by Noteholders pursuant to Condition 7.2 (*Early Redemption at the option of Noteholders*) have been received, have been attributed with an Early Redemption Date.

11.4 Minimum Board Lot

Notwithstanding Conditions 11.1, 11.2 and 11.3 above, in the case of delivery of the Reference Assets or Deliverable Amount in lieu of the Redemption Amount, Notes may only be redeemed in such amounts as will ensure that the number of Underlying Securities to be delivered is equal to an integral multiple of a Board Lot. Underlying Securities will be delivered by the Issuer only in integral multiples of the applicable Board Lot. In circumstances where Notes are not capable of being redeemed in amounts that would result in the purchase of a number of Underlying Securities equal to an integral multiple of the relevant Board Lot, the Issuer shall pay the Noteholder an amount (a “**Board Lot Payment**”) equal to:

$$(B - D) \times C \times E$$

where:

- B : the number of the Noteholder's Notes that are being redeemed;
- C : the number of Underlying Securities or equity units in respect of which the Noteholder is entitled to receive delivery on redemption of a Note;
- D : the maximum number of the Noteholder's Notes that can be redeemed on the Maturity Date or Early Redemption Date, as the case may be, and would result in the purchase of Underlying Securities equal to an integral multiple of the relevant Board Lot; and

E : the Settlement Price of the Underlying Securities on the Valuation Date,

unless the amount of any such Board Lot Payment is less than €1 or its equivalent in the relevant currency, in which case, no Board Lot Payment shall be made.

12. TAXATION

A Noteholder whose Notes are redeemed shall pay all Taxes payable in connection with (i) the payment of the Interest Amount, or the redemption of such Notes and/or the payment of the Redemption Amount and/or the Early Redemption Amount and/or the Credit Event Redemption Amount and/or the Cash Settlement Amount and/or the Disruption Redemption Amount or (ii) the transfer or delivery of Reference Assets or the Deliverable Obligations or Deliverable Amount and/or the relevant Transfer Documentation (including, in the case of a Reference Asset that is an equity unit, the transfer or delivery of any security comprised in such equity unit) as a result of such redemption. Neither the Issuer nor the Guarantor is liable for or otherwise obliged to pay any Taxes that may arise as a result of the ownership, transfer, redemption or enforcement of any Note.

Except as otherwise specified in the relevant Final Terms, all payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor will be made without withholding of or deduction for, or on account of, any present or future Taxes of whatsoever nature imposed or levied by or on behalf of the United Kingdom or the taxing jurisdiction of any territory in which the Issuer is incorporated or resident for taxation purposes, or any political subdivision of either of the same or by any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer or the Guarantor (as the case may be) will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts receivable by the holders after such withholding or deduction shall equal the respective amounts of principal, and interest, if applicable, which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction, except that no such Additional Amounts shall be payable in relation to any payment with respect to any Note, Receipt or Coupon:

- (A) where such Note, Receipt or Coupon is presented for payment by, or by a third party on behalf of, a holder who (i) would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority but fails to do so, or (ii) is liable to such Taxes in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom or the above-mentioned taxing jurisdiction of the Issuer other than the mere holding of such Note, Receipt or Coupon; or
- (B) where such Note, Receipt or Coupon is presented for payment in the jurisdiction in which the Issuer or the Guarantor is incorporated or resident for tax purposes or in the United Kingdom; or
- (C) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with

or introduced in order to conform to European Council Directive 2003/48/EC or any other European Union Directive on the taxation of savings income implementing the conclusions of the ECOFIN Council meeting of 26th to 27th November 2000 or any agreement between the European Community and any other jurisdiction providing for equivalent measures; or

- (D) where such Note, Receipt or Coupon is presented for payment by, or on behalf of, a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (E) where such Note, Receipt or Coupon is presented for payment more than 30 days after the Relevant Tax Date except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days; or
- (F) with respect to any estate, inheritance, gifts, transfer, personal property or similar Taxes, or, for the avoidance of doubt, with respect to any Taxes that are payable other than by deduction or withholding from payments with respect to any Note, Receipt or Coupon.

For this purpose, the “**Relevant Tax Date**” means the date on which the payment in respect of the Note, Receipt or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Tax Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 18 (*Notices*).

13. **PRESCRIPTION**

The Notes and, if applicable, the Receipts and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of principal and five years in the case of interest from the Relevant Date relating hereto. The Issuer shall be discharged from its obligation to pay principal on a Registered Note to the extent that the relevant Registered Note certificate has not been surrendered to the Registrar by, or a cheque which has been duly despatched in the Specified Currency remains uncashed at, the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Note to the extent that a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 (*Presentation of Definitive Bearer Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 6.2 (*Presentation of Definitive Bearer Notes, Receipts and Coupons*).

14. EVENTS OF DEFAULT AND ENFORCEMENT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable on such date (the “**Redemption Date**”) each at their Early Redemption Amount (determined pursuant to Condition 7 (*Redemption*) together with accrued interest as provided in Condition 6.8 (*Late Payment*), in any of the following events (“**Events of Default**”):

- (A) if default is made for a period of 14 days or more in the payment of any principal or interest (including, for the avoidance of doubt, as applicable, delivery of assets) due in respect of the Notes or any of them. The Issuer and Guarantor shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer or, as the case may be, the Guarantor will not be in default if it acts on the advice given to it during such 14 day period by an independent legal adviser; or
- (B) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or
- (C) if an effective resolution is passed or an order is made for the winding up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders),

provided that, in the case of any such event described in paragraph (B) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders.

The Trustee may, at any time at its discretion and without notice, institute such proceedings and/or take any other action against the Issuer and/or the Guarantor as it may think fit to enforce any obligation, condition or provision of the Trust Deed, the Notes, Receipts and Coupons, but it shall not be bound to institute any such proceedings or action or take any other action under the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder, Receiptholder or Couponholder shall be entitled to proceed

against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

A person who is not a Noteholder has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy which exists or is available apart from that Act.

15. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note or, if applicable, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Bearer Notes, Receipts or Coupons, at the specified office of the Principal Paying Agent or, in the case of Registered Notes, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the Noteholders in accordance with Condition 18 (*Notices*) upon payment in any such case by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or, if applicable, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, subject to the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or approve any change in the specified office through which any Agent acts and/or, subject to prior consultation with the Trustee, appoint additional or other Agents, provided that:

- (A) there will at all times be a Principal Paying Agent and a Registrar;
- (B) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (C) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe; and
- (D) so long as any of the Registered Global Notes are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer and the Guarantor shall with the prior written approval of the Trustee, forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5 (*General provisions applicable to payments*). Any variation, termination, appointment or change in relation to any Series of Notes shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall

have been given to the Noteholders of the relevant Series of Notes in accordance with Condition 18 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents or, as the case may be, registrars of the Issuer and the Guarantor and, in certain circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

The Issuer undertakes that, it will ensure that it maintains a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th to 27th November 2000 or any law implementing, or complying with, or introduced in order to conform to, any such Directive, provided that under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

The Issuer also undertakes that if the European Community reaches an agreement with any jurisdiction of the nature referred to in Condition 12(C) (*Taxation*), the Issuer will ensure that it maintains a Paying Agent with a specified office in a jurisdiction that will not be obliged to withhold or deduct tax pursuant to that agreement provided that there is at least one such jurisdiction.

The Principal Paying Agent and the Determination Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Trustee, the Paying Agents, the Determination Agent, the Noteholders, the Receiptholders and the Couponholders.

17. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 13 (*Prescription*).

18. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which

the Bearer Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, the relevant notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or other relevant authority. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any Definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg (and so long as the rules of any stock exchange on which the Notes are listed, or the rules of any other relevant authority by which the Notes have been admitted to listing, permit)) by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the Notes provided that, in addition, for so long as any Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg as the case may be.

In the case of Definitive Notes, notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

19. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, DETERMINATION AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of these Terms and Conditions, the

Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee at any time and shall be convened by the Issuer at the request of Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes, amongst other things, alteration of the currency in which payments under the Notes, Receipts and Coupons are to be made, the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing in the aggregate not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may, without the consent or sanction of the Noteholders, Receiptholders or Couponholders at any time and from time to time concur with the Issuer and the Guarantor in making:

- (A) any modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed or, in the case of modification, the Agency Agreement which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders; or
- (B) any modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons, the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or is an error which is, in the opinion of the Trustee, proven or is to comply with mandatory provisions of applicable law.

The Issuer and the Principal Paying Agent may agree, without the consent of the Trustee, the Noteholders, Receiptholders or Couponholders, to any modification of any of the provisions of any applicable Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error.

The Trustee may also determine, without the consent of the Noteholders, the Receiptholders or the Couponholders, that any Event of Default or Potential Event of Default shall not be treated as such if the Trustee is satisfied that so to do will not be materially prejudicial to the interests of the Noteholders.

Subject as provided in the Trust Deed, if so requested by the Issuer and the Guarantor, the Trustee shall, without the consent or sanction of the Noteholders, Receiptholders or Couponholders, agree to the substitution (i) in place of the Issuer as the principal debtor under the Trust Deed, the Notes and, if applicable, the Receipts and Coupons, of the Guarantor or any other person or persons incorporated in any country in the world (other than the United States) provided that, except in the case of the substitution of the

Guarantor in place of the Issuer, the Guarantor unconditionally and irrevocably guarantees all amounts payable by the new principal debtor under the Trust Deed, the Notes and, if applicable, the Receipts and Coupons and (ii) in place of the Guarantor as guarantor in respect of the Trust Deed, the Notes and, if applicable, the Receipts and Coupons, of a Rated Group Company. The Trustee shall be entitled to agree without the consent or sanction of the Noteholders, Receiptholders or Couponholders to the addition of another company as an issuer or a guarantor of Notes under the Programme and the Trust Deed, Notes and, if applicable, Receipts and Coupons. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences (including any tax consequences) of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except, in the case of the Issuer and the Guarantor, to the extent provided for in Condition 12 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 12 (*Taxation*) pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination, substitution or addition as aforesaid shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification, substitution or addition shall be notified to the Noteholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

20. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further Notes having terms and conditions the same as the Notes or the same in all respects save for the issue price and date of issue thereof and the amount and date of the first payment of interest thereon and so as to be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other Series in certain circumstances where the Trustee so decides.

21. PURCHASES

The Issuer or the Guarantor or any affiliate of the Issuer or the Guarantor may at any time purchase or procure others to purchase Notes at any price on the open market or

by tender or private treaty. Notes so purchased may be held, resold or cancelled. Notes held by or on behalf of the Issuer or the Guarantor or any affiliate of the Issuer or the Guarantor shall not entitle the holder to vote at any meetings of Noteholders and such Notes shall be deemed not to be outstanding for, amongst others, the purposes of calculating quorums at the meetings of Noteholders or for the purposes of Condition 14 (*Events of Default and Enforcement*).

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

23. SEVERABILITY

Should any of the provisions contained in the Terms and Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

23.1 GOVERNING LAW

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

24. DEFINITIONS

Additional Amounts	has the meaning given in Condition 12 (<i>Taxation</i>);
Additional Business Centre	has the meaning given in the applicable Final Terms;
Affected Commodity	has the meaning given in Condition 9.5 (<i>Commodity Linked Notes</i>);
Affected Currency Date	has the meaning given in Condition 9.3 (<i>Currency Linked Notes</i>);
Affected Date	has the meaning given in Condition 9.1 (<i>Equity Linked Notes and Equity Basket Notes</i>);
Affected Index	has the meaning given in Condition 9.2 (<i>Single Index Notes and Basket of Indices Notes</i>);
Affected Shares, Affected Share(k) and Affected Share(j)	have the meaning given in Condition 10.1 (<i>Adjustments to Equity Linked Notes and Equity Basket Notes</i>);
Agency Agreement	has the meaning given in the Introduction to the Terms and Conditions;
Agents	has the meaning given in the Introduction to the

	Terms and Conditions;
Amortisation Yield	means the yield, if any, as set out in the applicable Final Terms;
Amortised Face Amount	has the meaning given in the definition of Early Redemption Amount;
Announcement Date	means (A) in respect of a Merger Event or Nationalisation or Delisting, the date of the first public announcement of a firm intention, in the case of a Merger Event, to merge or to make an offer and, in the case of a Nationalisation, to nationalise (whether or not amended or on the terms originally announced) and, in the case of a Delisting, the date of the first public announcement by the Exchange that the relevant shares will cease to be listed, traded or publicly quoted, that leads to the Merger Event or the Nationalisation or Delisting, as the case may be, and (B) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding, presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency, in each case as determined by the Determination Agent;
Approved Intermediary	means any financial institution acting on behalf of a Noteholder as a direct or indirect participant in the Relevant Clearing System;
Averaging Date	means, in respect of each Valuation Date, each date specified or otherwise determined in the manner specified in the Final Terms (or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day);
Averaging Date Disruption	has the meaning given in Condition 9.4 (<i>Averaging</i>);
Banking Day	has the meaning given in Condition 5.2 (<i>Interest on Floating Rate Notes and Variable Interest Notes</i>);
Basket Companies	means, in relation to a particular Series of Notes, the companies identified in the applicable Final Terms as the companies whose securities and/or equity units comprise the Basket of Securities for

	such Series of Notes;
Basket of Commodities	means, in relation to a particular Series of Notes, a basket composed of Relevant Commodities and/or Commodity Indices in the relative proportions specified in the applicable Final Terms;
Basket of Commodities Note	means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to a Basket of Commodities as specified in the relevant Final Terms;
Basket of Indices	means, in relation to a particular Series of Notes, a basket composed of each Index specified in the applicable Final Terms in the relative proportions indicated in the applicable Final Terms;
Basket of Indices Note	means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to a Basket of Indices as are specified in the relevant Final Terms and, for the avoidance of doubt, does not include a Commodity Linked Note or a Basket of Commodities Note;
Basket of Securities	means, in relation to a particular Series of Notes, a basket composed of Underlying Securities of each of the Basket Companies specified in the applicable supplement in the relative proportions and numbers of Underlying Securities of each Basket Company specified in the applicable Final Terms;
Basket of Shares	means, in relation to a particular Series of Notes, a basket composed of Shares of each Basket Company specified in the applicable supplement in the relative proportions and numbers of Shares of each Basket Company specified in the applicable Final Terms;
Bearer Note	has the meaning given in Condition 1 (<i>Form, Denomination and Title</i>);
Bearer Global Notes	has the meaning given in the Trust Deed;
Board Lot	means the minimum board lot for the trading of the Underlying Securities on the relevant Exchange as

from time to time specified by such Exchange;

Board Lot Payment

has the meaning given it in Condition 11.4 (*Minimum Board Lot*);

Borrowed Money

means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

Broken Coupon Amount

means in relation to a Fixed Rate Note any amounts of interest which are due and payable by the Issuer on an Interest Payment Date which does not correspond with the Fixed Coupon Amount(s) which would otherwise be payable under the terms of the applicable Final Terms on such Interest Payment Date;

Business Day

means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London unless otherwise specified in the applicable Final Terms and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either:
 - (i) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (if other than London and any Additional Business Centre specified in the applicable Final

Terms); or

- (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

Business Day Convention	means any of the business day conventions specified in Condition 5.7 (<i>Business Day Convention</i>);
Calculation Period	has the meaning given in the definition of Day Count Fraction;
Cash Account	means the cash account at the Relevant Clearing System designated by a Noteholder in a Maturity Information Notice, an Early Redemption Notice or a Noteholder's Information Notice, as the case may be, or otherwise notified to the Issuer;
Cash Settlement	means payment of the Cash Settlement Amount on the Cash Settlement Date;
Cash Settlement Amount	means for each Undeliverable Obligation an amount calculated by the Determination Agent equal to the greater of (i) (A) the outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each Undeliverable Obligation multiplied by (B) the Final Price with respect to such Undeliverable Obligation less (C) any costs incurred by the Issuer in connection therewith, and (ii) zero;
Cash Settlement Date	is deemed to be the date falling three Business Days after the calculation of the Final Price;
Cash Settlement Notice	has the meaning given in Condition 8.6 (<i>Settlement Disruption Event</i>);
Change in Law	means, in respect of any issue of Notes, the adoption of or any change in any applicable law or regulation (including any tax law) or the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority) after the date of such issue of Notes;
Clearing System	means, in respect of an Underlying Security relating to a Physically Settled Transaction, the clearing system specified as such for such

Underlying Security in the Final Terms or any successor to such clearing system as determined by the Determination Agent. If the Final Terms do not specify a Clearing System, the Clearing System will be the principal domestic clearing system customarily used for settling trades in the relevant Underlying Security. If the Clearing System ceases to settle trades in such Underlying Security, the Determination Agent will, acting in good faith and in a commercially reasonable manner, select another method of delivery;

Clearing System Business Day

means, in respect of a Clearing System, any day on which such Clearing System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

Clearstream, Luxembourg

means Clearstream Banking, société anonyme and its successors and assigns;

Clearstream Rules

means the Management Regulations of Clearstream, Luxembourg and the Instructions to Participants of Clearstream, Luxembourg, as may be from time to time amended, supplemented or modified;

Commodity

means the commodity specified as the Relevant Commodity in the applicable Final Terms;

Commodity Business Day

means, in respect of a Commodity Linked Note, (a) in respect of any Note for which the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or would have been, but for the occurrence of a Commodity Market Disruption Event) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its Scheduled Closing Time and (b) in respect of any Note for which the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or would have published, but for the occurrence of a Commodity Market Disruption Event) a price;

Commodity Business Day Convention

means, in respect of a Commodity Linked Note, any of the Business Day Conventions specified in

Condition 5.7 (*Business Day Convention*);

Commodity Index

means, in relation to a Commodity Linked Note, an index comprising various commodities, as is specified in the applicable Final Terms;

Commodity Index Adjustment Events

has the meaning given in Condition 10.3 (*Adjustments to Commodity Index Notes*);

Commodity Linked Note

means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to the price of a Relevant Commodity, Commodity Index or a Basket of Commodities, each as specified in the applicable Final Terms;

Commodity Market Disruption Event

has the meaning given in Condition 9.5 (*Commodity Linked Notes*);

Commodity Reference Price

means, in relation to a Commodity Linked Note, the commodity reference price specified in the applicable Final Terms;

Common Depositary

means, in relation to a particular Series of Notes, whether listed on any Relevant Stock Exchange or elsewhere, such depositary outside the United Kingdom and the United States (and the possessions of the United States) as shall be specified in the relevant Final Terms with respect to such Series of Notes;

Conditions to Settlement

in respect of a Credit Linked Note means the delivery by the Determination Agent to the Issuer of a Credit Event Notice that is effective during the Notice Delivery Period and the further conditions, if any, set out in the applicable Final Terms;

Couponholder

has the meaning given in the Introduction in the Terms and Conditions;

Coupons

has the meaning given in the Introduction in the Terms and Conditions;

Credit Event

means the occurrence during the Notice Delivery Period of any one or more of the Credit Events specified and defined in the applicable Final Terms or any additional Credit Event each as specified in the applicable Final Terms, as determined by the Determination Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described;

Credit Event Determination Date

has the meaning given in Condition 7.1 (*Redemption on the Maturity Date*);

Credit Event Notice

means, subject as provided in the applicable Final Terms, an irrevocable notice from the Determination Agent to the Issuer during the Notice Delivery Period that describes a Credit Event that occurred. A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject to the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective;

Credit Event Redemption Amount

means the amount calculated in the manner and in accordance with the formula specified in the applicable Final Terms;

Credit Event Redemption Date	means the day following the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price;
Credit Linked Notes	means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be made by reference to the credit of a specified entity or entities, as specified in the applicable Final Terms;
Currency	means the money in use of a country;
Currency Amount	means, whenever an amount is denominated in a currency other than the Specified Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Specified Currency using the Currency Rate;
Currency Linked Note	means a Note, payments in respect of which are made in such currencies and by reference to such rates of exchange and/or formulae, as specified by the Issuer in the applicable Final Terms;
Currency Rate	means: <ul style="list-style-type: none"> (a) the rate determined by the Determination Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Specified Currency by reference to: <ul style="list-style-type: none"> (i) if the Specified Currency is US dollars, the Federal Reserve Bank of New York 10:00 am (New York time) mid-point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or in such other commercially reasonable manner as it shall determine; or (ii) if the Specified Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 pm (London time) on the date that the Notice of Physical Settlement is deemed given, or in such other commercially

reasonable manner as it shall determine; or

- (b) if the Specified Currency is not US dollars or euro, the rate determined by the Determination Agent in its sole and absolute discretion in a commercially reasonable manner;

Daily Maximum Amount

has the meaning given it in Condition 11.3 (*Maximum number of Notes redeemable*);

Day Count Fraction

means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "**Calculation Period**":

where:

- (a) if "**Actual/Actual (ISMA)**" is specified in the relevant Final Terms:
 - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the products of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in one year; and

- (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in one year.
- (b) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (f) if “**30/360**” or “**Bond Basis**” is specified in the applicable relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than

the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

- (g) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (h) if “**adjusted**” is specified in the applicable Final Terms in the Day Count Fraction item, interest in respect of the relevant Calculation Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention;

- (i) if “**unadjusted**” is specified in the applicable Final Terms in the Day Count Fraction item, interest in respect of the relevant Calculation Period shall be payable in arrear on the relevant Interest Payment Date, as adjusted in accordance with the Business Day Convention, but shall be calculated in respect of the period from (and including) a Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Period End Date. For the purpose of this subparagraph “**Period End Date**” means an Interest Payment Date prior to any modification as a result of any Business Day Convention; and
- (j) such other Day Count Fraction as may be specified in the applicable Final Terms.

Default Requirement

means the amount specified as such in the applicable Final Terms, or if none is specified, US\$20,000,000 or its equivalent as calculated by the Determination Agent in the relevant currency as of the occurrence of the relevant Credit Event;

Definitive Notes

has the meaning given in the Trust Deed;

Definitive Bearer Notes

has the meaning given in the Trust Deed;

Definitive Registered Notes

has the meaning given in the Trust Deed;

Delayed Publication or Announcement

has the meaning given in Condition 9.5 (*Commodity Linked Notes*);

Delisting

means in respect of any Underlying Securities, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Underlying Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

Deliverable Amount

means, in respect of each nominal amount of Notes equal to the lowest denomination,

Deliverable Obligations as selected by the Determination Agent in its sole discretion with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an outstanding principal balance (including accrued but unpaid interest (as determined by the Determination Agent) if “Include Accrued Interest” is specified as applying in the applicable Final Terms, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified as applying in the applicable Final Terms, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified as applying in the applicable Final Terms, excluding accrued but unpaid interest); or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the lowest denomination of a Note less Deliverable Obligations with a market value determined by the Determination Agent in its sole discretion on the Business Day selected by the Determination Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to any costs which the applicable Final Terms specify are to be deducted from the Deliverable Amount (which may, without limitation, include the costs of the Issuer incurred in connection with the redemption of the Notes and related termination or reestablishment of any hedge or related trading position).

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the outstanding principal balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the outstanding principal balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or

	circumstance;
Deliverable Obligations	has the meaning set out in the applicable Final Terms;
Delivery Agency Agreement	has the meaning given in the Introduction to the Terms and Conditions;
Delivery Agent	has the meaning given in the Introduction to the Terms and Conditions;
Delivery Date	means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is delivered and, with respect to a Commodity Linked Note, the date specified in the applicable Final Terms;
Designated Account	has the meaning given in Condition 6.4 (<i>Payments in respect of Registered Notes</i>);
Determination Agent	has the meaning given in the Introduction to the Terms and Conditions;
Determination Agent Determination	has the meaning given in Condition 9.5 (<i>Commodity Linked Notes</i>);
Determination Date	has the meaning given in Condition 10.2(A) (<i>Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation or Adjustment Event</i>);
Determination Period	means the period from and including an Interest Payment Date to but excluding the next Interest Payment Date;
Disappearance of Commodity Reference Price	means, in respect of a Commodity Linked Note, (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the Relevant Commodity; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Relevant Commodity;
Disrupted Day	means any Scheduled Trading Day on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has

	occurred;
Disruption Event	has the meaning set out in Condition 9.3 (<i>Currency Linked Notes</i>);
Disruption Fallback	has the meaning set out in Condition 9.5 (<i>Commodity Linked Notes</i>);
Disruption Redemption Amount	means the Redemption Amount or Early Redemption Amount (as the case may be), calculated by the Determination Agent in its absolute discretion following the occurrence of a Disruption Event taking into consideration all available information that it deems relevant less the cost to the Issuer of unwinding any underlying related hedging arrangements;
Distribution Compliance Period	means, except as modified in the applicable Final Terms, the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue);
DTC	has the meaning given in Condition 1 (<i>Form, Denomination and Title</i>);
Dual Exchange Rate	means with respect to any Exchange Rate, that the Exchange Rate splits into dual or multiple currency exchange rates;
Due and Payable Amount	means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts);
Early Closure	means the closure on any Exchange Business Day of the relevant Exchange (or in the case of a Single Index Note or Basket of Indices Note, any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or any Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or

Related Exchange(s) on such Exchange Business Day and (b) the submission deadline of orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

Early Redemption Amount

means, in relation to any particular Series of Notes, the amount specified in, or determined in the manner specified in, the applicable Final Terms, which will always be rounded down to the nearest minimum unit of the currency in which the payment of the Early Redemption Amount is made provided that if the Early Redemption Amount is not specified in the applicable Final Terms then the Early Redemption Amount for the purposes of Condition 7.4 (*Early Redemption following the occurrence of a Change of Law*), Condition 7.5 (*Early Redemption for tax reasons*), Condition 10.1(B) (*Adjustments to Equity Linked Notes and Equity Basket Notes, Merger Events, Nationalisation, Insolvency, Delisting and Tender Offers*) and Condition 10.2(A) (*Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation, Disruption or Adjustment Event*), shall be calculated as follows:

- (i) in the case of a Note other than a Zero Coupon Note, Variable Interest Note and a Variable Note at the outstanding nominal amount together with interest accrued to (but excluding) the date fixed for redemption;
- (ii) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) equal to the nominal amount of the Note multiplied by the sum of:
 - (A) the Issue Price; and
 - (B) the product of the Issue Price and the Amortisation Yield compounded annually from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and payable;

and

- (iii) in the case of a Variable Interest Note and a Variable Note, at an amount determined by the Determination Agent that would on the due date for redemption have the effect of preserving for the holder of the Note the economic equivalent of the obligation of the Issuer to make the payment of the:
 - (A) Redemption Amount on the Maturity Date; and
 - (B) an amount or amounts representing the interest that is due as at the date of redemption;

Early Redemption Date

means:

- (a) in relation to a particular series of Notes, subject to Conditions 9 (*Rights of the Issuer in the event of a Disrupted Day or Disruption Event*) and 10 (*Adjustments*); and
- (b) in relation to a redemption of Notes pursuant to Conditions 7.2 (*Early Redemption at the option of Noteholders*), 7.3 (*Early Redemption at the option of the Issuer*), 7.4 (*Early Redemption following the occurrence of a Change in Law*) and 7.5 (*Early Redemption for tax reasons*),

the date specified in the relevant Final Terms (and in the absence of any such specification shall be deemed to be the tenth Business Day after the Early Redemption Notice, the Special Redemption Notice or the Issuer Redemption Notice (as the case may be) is delivered, unless otherwise stated in the relevant Final Terms) provided that the Early Redemption Date must fall no later than 2 Business Days prior to the Maturity Date;

Early Redemption Notice

has the meaning given in Condition 8.3 (*Redemption Notices*);

Equity Basket Note

means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to the Basket

of Securities as specified in the relevant Final Terms;

Equity Linked Note

means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to the Underlying Security or Securities as specified in the relevant Final Terms;

Euroclear

means Euroclear Bank S.A./N.V.;

Euroclear Rules

means the terms and conditions governing the use of Euroclear and the Operating Procedures of Euroclear, as may be amended, supplemented or modified from time to time;

Euro-zone

has the meaning given in Condition 5.2 (*Interest on Floating Rate Notes and Variable Interest Notes*)

Events of Default

has the meaning given in Condition 14 (*Events of Default and Enforcement*);

Exchange

means:

- (a) in respect of an Index relating to Single Index Notes or Basket of Indices Notes, each exchange or quotation system specified as such for such Index or Indices in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index or Indices has temporarily relocated provided that the Determination Agent has determined that there is comparable liquidity relative to the shares underlying such Index or Indices on such temporary substitute exchange or quotation system as on the original Exchange;
- (b) in respect of an Underlying Security relating to Equity Linked Notes or Equity Basket Notes, each Exchange or quotation system specified as such for each Underlying Security in the relevant Final Terms, any successor to such Exchange or quotation system or any substitute exchange or quotation system

to which trading in the Underlying Security has temporarily relocated provided that the Determination Agent has determined that there is comparable liquidity relative to such Underlying Security on such temporary substitute exchange or quotation system as on the original Exchange; and

- (c) in respect of a Relevant Commodity relating to Commodity Linked Notes, each Exchange or principal trading market specified in the relevant Final Terms or Commodity Reference Price;

Exchange Agent

has the meaning given in the Introduction to the Terms and Conditions;

Exchange Business Day

means any Scheduled Trading Day on which each Exchange is open for trading during its regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time;

Exchange Disruption

means any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Underlying Securities on the Exchange (or in the case of a Single Index or Basket of Indices Note, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Underlying Security or the relevant Index on any relevant related Exchange;

Exchange Rate

means the rate of exchange of the Currency of one country for the Currency of another country, as specified in the applicable Final Terms;

Extraordinary Resolution

has the meaning given in the Trust Deed;

Failure to Pay

means, following the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than

the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure;

Fallback Reference Price	has the meaning given in Condition 9.5 (<i>Commodity Linked Notes</i>);
Final Delivery Date	has the meaning given in Condition 8.6 (<i>Settlement Disruption Event</i>);
Final Price	means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms;
Final Terms	means the terms set out in a final terms supplement in relation to any Tranche of Notes substantially in the form set out in the Prospectus;
Fixed Coupon Amount	means in relation to a Fixed Rate Note the amount of interest payable on each Interest Payment Date;
Fixed Rate	means interest determined at a fixed rate of interest;
Fixed Rate Notes	means Notes on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) as designated in the relevant Final Terms and Fixed Rate Note means any of them;
Floating Rate	means interest determined at a floating rate of interest;
Floating Rate Notes	means Notes on which interest is calculated at a floating rate payable one-, two-, three-, six- or twelve-monthly or in respect of such other period or on such date(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) as designated in the relevant Final Terms and Floating Rate Note means any of them;
Futures Contract	means, in relation to a Commodity Linked Note, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Relevant Commodity or Commodity Index

referred to in that Commodity Reference Price;

Futures Exchange

means the relevant exchange in Futures Contracts on the relevant Underlying Securities or the Relevant Index, as the case may be, as determined by the Determination Agent in its absolute discretion;

Global Note

has the meaning given in the Introduction to the Terms and Conditions;

Governmental Authority

means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial market (including the central bank) of the countries for which the Relevant Currencies are the lawful currencies;

Grace Period

means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Issue Date and the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, 30 calendar days; and
- (c) if, at the later of the Issue Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Business Days is applicable under the terms of such Obligation, a Grace Period of three

Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date;

Grace Period Extension Date

means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms, and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the day that is the number of days in the Grace Period after the date of such Potential Failure to Pay;

Guarantee

means the guarantee granted pursuant to the Trust Deed;

Guarantor

has the meaning given in the Introduction to the Terms and Conditions;

holders

has the meaning given in the Introduction to the Terms and Conditions;

Illiquidity Disruption

means in relation to an Exchange Rate the occurrence of an event whereby it becomes impossible to obtain a firm quote of the Settlement Rate for an amount to be determined by the Determination Agent on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source);

Index

means any Proprietary Index or such other index as is specified in the relevant Final Terms, all as more particularly described in the Final Terms pertaining to a particular Series of Notes;

Index Adjustment Event

has the meaning given in Condition 10.2(A) (*Adjustments to Single Index Notes and Basket of Indices Notes, Index Modification, Cancellation, Disruption or Adjustment Event*);

Index Linked Note

means a Note, payment in respect of which will be calculated by reference to an Index as specified in

the relevant Final Terms and, for the avoidance of doubt, does not include a Commodity Linked Note or a Basket of Commodities Note;

Indices

means more than one Index;

Insolvency

means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting an Underlying Company, (A) all the Underlying Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Underlying Securities of that Underlying Company become legally prohibited from transferring them;

Instalment Date

has the meaning given in the applicable Final Terms;

Interest Amount

means the amount of interest payable in respect of any Note and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Coupon Amount, as the case may be;

Interest Basis

means either Fixed Rate or Floating Rate or Zero Coupon or Variable Interest or Non-Interest Bearing, or any combination, as specified in the applicable Final Terms;

Interest Commencement Date

means, in respect of any Series of Notes, the Issue Date or such other date as may be set out in the relevant Final Terms;

Interest Determination Date

has the meaning given in Condition 5.2 (*Interest on Floating Rate Notes and Variable Interest Notes*);

Interest Payment Date

has the meaning given in Condition 5 (*Interest*);

Interest Period

means, in respect of any Series of Notes, the period from and including one Interest Payment Date (or, in the case of the first Interest Period, the Interest Commencement Date) up to but excluding the next (or first) Interest Payment Date or such other meaning as may be set out in the relevant Final Terms;

Interest Rate

has the meaning given in Condition 5 (*Interest*);

ISDA Commodity Definitions	has the meaning given in Condition 9.5 (<i>Commodity Linked Notes</i>);
ISDA Definitions	has the meaning given in Condition 5.2 (<i>Interest on Floating Rate Notes and Variable Interest Notes</i>);
Issue Date	has the meaning given in the Trust Deed;
Issue Price	means, in respect of any Series of Notes, the issue price of such Notes as specified in the applicable Final Terms;
Issuer	has the meaning given in the Introduction to the Terms and Conditions;
Issuer Redemption Notice	has meaning set out in Condition 8.3 (<i>Redemption Notices</i>);
Late Payment	has the meaning given in Condition 6.8 (<i>Late Payment</i>);
Late Payment Date	has the meaning given in Condition 6.8 (<i>Late Payment</i>);
London Business Day	means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London;
London Stock Exchange	means London Stock Exchange plc or such other body to which its functions have been transferred;
Long Maturity Notes	has the meaning given in Condition 6.2 (<i>Presentation of Definitive Bearer Notes, Receipts and Coupons</i>);
Margin	means the percentage rate specified as the "Margin" in the relevant Final Terms;
Market Disruption Event	means in respect of any Note relating to an Underlying Security or any Note relating to an Index, the occurrence or existence of (in each case if specified as applicable in the applicable Final Terms) (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether any of a Trading Disruption, Exchange Disruption or Early

Closure exists in respect of an Index at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the index attributable to that security and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred;

Material Change in Content

means, in respect of a Commodity Linked Note, the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract;

Material Change in Formula

means, in respect of a Commodity Linked Note, the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price;

Maturity Date

means in respect of any Series of Notes, the date specified in the relevant Final Terms as the Maturity Date subject to the Modified Following Business Day Convention unless otherwise specified in such Final Terms;

Maturity Notice Time

has the meaning set out in the relevant Final Terms, in the absence of which it shall be deemed to be 10:00 am London time;

Maturity Information Notice

has the meaning set out in Condition 8.3 (*Redemption Notices*);

Maximum Rate of Interest

has the meaning set out in the applicable Final Terms;

Merger Date

means, in respect of a Merger Event, the date upon which all holders of the relevant Underlying Shares (other than, in the case of a takeover offer, Underlying Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Underlying Shares;

Merger Event

means in respect of any relevant Underlying Shares, any:

- (a) reclassification or change of such Underlying Shares that results in a

transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Underlying Shares outstanding;

- (b) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Company is the continuing entity and which results in a reclassification or change of less than 20 per cent. of the relevant Underlying Shares outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity for such Underlying Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Underlying Shares (other than such Underlying Shares owned or controlled by the offeror); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Shares outstanding but results in the outstanding Underlying Shares (other than Underlying Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Underlying Shares immediately following such event

if, in each case, the date on which the Determination Agent determines that such event occurs is on or before, in the case of a Physically Settled Transaction, the Maturity Date, or in any other case, the Valuation Date in respect of the relevant Note;

Merger Event Settlement Amount

means an amount which the Determination Agent in its sole and absolute discretion, determines is the fair value to the Noteholder of a Note with terms that would preserve for the Noteholder the

	economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Noteholder would have been entitled under the relevant Note after that date but for the occurrence of the Merger Event;
Minimum Rate of Interest	has the meaning set out in the applicable Final Terms;
Nationalisation	means that all the Underlying Shares or all the assets or substantially all the assets of the Underlying Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;
Non-Interest Bearing Notes	means Notes of any Series designated as such in the relevant Final Terms and Non-Interest Bearing Note means any one of them;
Non-Standard Notes	means Notes of any Series designated as such in the relevant Final Terms and Non-Standard Note means any one of them;
Noteholders	has the meaning given in the Introduction to the Terms and Conditions;
Noteholder's Information Notice	means a notice substantially in the forms set out in Schedule 3 of the Agency Agreement (copies of which may be obtained from the specified offices of the Paying Agents) which, <i>inter alia</i> , contains details of the relevant Noteholder's Cash Account and Securities Account;
Notes	has the meaning given in the Introduction to the Terms and Conditions;
Notice Delivery Period	means the period from and including the Issue Date to and including the later of: <ul style="list-style-type: none"> (a) the Scheduled Maturity Date; or (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date and (iii) the Potential Failure to Pay

with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; or

- (c) the Repudiation / Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (ii) the Potential Repudiation / Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied;

Notice of Physical Settlement

has the meaning given in Condition 7.1 (*Redemption on the Maturity Date*);

Number of Underlying Securities

means in the case of (i) an Equity Linked Note, the number of Underlying Securities specified as such in the relevant Final Terms and (ii) an Equity Basket Note, the number of Underlying Securities of each Underlying Company comprised in the Basket of Securities, as specified in the relevant Final Terms;

Obligations

in respect of a Credit Linked Note has the meaning set out in the applicable Final Terms;

Official Successor Rate

has the meaning given in Condition 9.3 (*Currency Linked Notes*);

Options Exchange

means the relevant exchange in options contracts on the relevant Underlying Securities or the Relevant Index, as the case may be, as determined by the Determination Agent in its absolute discretion;

Paying Agents

has the meaning given in the Introduction to the Terms and Conditions;

Payment Day

has the meaning given in Condition 6.6 (*Payment Days*);

Payment Requirement

means the amount specified as such in the applicable Final Terms or, if a Payment Requirement is not specified in the applicable Final Terms, US\$1,000,000, or its equivalent in the relevant currency as calculated by the

Determination Agent, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable;

Physical Delivery Date

means in relation to Underlying Securities or the Deliverable Amount to be delivered, subject to Condition 8.6 (*Settlement Disruption Event*), in respect of any Note, the date following a Maturity Date or Scheduled Maturity Date or Early Redemption Date or Credit Event Determination Date, as the case may be, being the first day on which settlement of a sale of such Underlying Securities or Deliverable Obligations comprising the Deliverable Amount executed on that Maturity Date or Scheduled Maturity Date or Early Redemption Date or Credit Event Determination Date, as the case may be, customarily would take place through the Relevant Clearing System unless otherwise specified in the relevant Final Terms;

Physical Settlement

has the meaning given in the definition of Physically Settled Transaction below;

Physically Settled Notes

means any Notes in respect of which “Physical Settlement” is specified as applicable in the relevant Final Terms;

Physically Settled Transaction

means in relation to any particular series of Notes, Notes in respect of which Underlying Securities may, at the option of the Issuer or the Noteholder (as the case may be) be delivered to the Noteholder, the delivery of which amounts to “**Physical Settlement**”;

Postponed Maturity Date

has the meaning given in Condition 7.1 (*Redemption on the Maturity Date*);

Postponement

in relation to Commodity Linked Notes has the meaning set out in Condition 9.5 (*Commodity Linked Notes*);

Potential Adjustment Event

means any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Underlying Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Securities to existing holders by way of bonus, capitalization or

similar issue;

- (b) a distribution or dividend to existing holders of the relevant Underlying Securities of (i) such Underlying Securities, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Underlying Securities, or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Determination Agent;
- (c) an extraordinary dividend, as determined by the Determination Agent;
- (d) a call by the Underlying Company in respect of the relevant Underlying Securities that are not fully paid;
- (e) a repurchase by the Underlying Company of relevant Underlying Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Determination Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

- (g) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying Securities;

Potential Failure to Pay

means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure;

Potential Repudiation/Moratorium

in respect of a Credit Linked Note, has the meaning set out in the applicable Final Terms;

Price Source

means, in respect of a Commodity Linked Note, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated as) specified in the relevant Commodity Reference Price or otherwise in the applicable Final Terms containing the Commodity Reference Price;

Price Source Disruption

means:

- (a) in relation to an Exchange Rate in respect of a Currency Linked Note, means it becomes impossible to obtain the Settlement Rate on the Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source); and
- (b) in respect of a Commodity Linked Note means (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;

Pricing Date

means, in respect of a Commodity Linked Note,

	the date specified in the applicable Final Terms;
Principal Paying Agent	has the meaning given in the Introduction to the Terms and Conditions;
Programme	means the Structured Note Programme established by, or otherwise contemplated in the Programme Agreement, as the same may be from time to time amended, supplemented or modified;
Programme Agreement	means the agreement dated 28 March 2007 between the Issuer, the Guarantor and the Dealers named therein concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement;
Proprietary Index	means any proprietary index created by the Issuer or an associate of the Issuer and described in the relevant Final Terms;
Prospectus	means the prospectus relating to the Notes prepared in connection with the Programme and constituting a base prospectus for the purposes of the Prospectus Directive as revised, supplemented or amended from time to time by the Issuer and the Guarantor in accordance with Clause 5.2 (<i>Updating of Prospectus</i>) of the Programme Agreement including any documents which are from time to time incorporated in the Prospectus by reference;
Prospectus Directive	means Directive 2003/71/EC of the European Parliament and of the Council of 4 th November 2003;
QIB or Qualified Institutional Buyer	means a “qualified institutional buyer” within the meaning of Rule 144A;
Rate Calculation Date	means the Valuation Date or the Averaging Date, as appropriate;
Rated Group Company	has the meaning given to the term in the Trust Deed;
Receiptholders	has the meaning given in the Introduction to the Terms and Conditions;

Receipts	has the meaning given in the Introduction to the Terms and Conditions;
Record Date	has the meaning set out in Condition 6.4 (<i>Payments in respect of Registered Notes</i>);
Redemption Amount	means, in relation to a particular Series of Notes the amount specified in, or determined in the manner specified in, the relevant Final Terms, which will always be rounded down to the nearest minimum unit of the currency in which payment of the Redemption Amount is made;
Redemption Date	has the meaning given in Condition 14 (<i>Events of Default and Enforcement</i>);
Redemption Expenses	means in respect of any Note or Notes, any expenses (other than in relation to Taxes) payable on or in respect of or in connection with the redemption of such Note or Notes;
Redemption Notice Time	means, in relation to a particular Series of Notes the time specified in the relevant Final Terms as the time by which an Issuer Redemption Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, has to be delivered to the Delivery Agent or Issuer, as appropriate, for that Issuer Redemption Notice, Early Redemption Notice or Noteholder's Information Notice, as the case may be, to be deemed to have been deposited with it/them on that Business Day and, in the absence of any such specification shall be deemed to be 10am London time;
Reference Asset	means, in respect of any Note, any Underlying Security, Underlying Share, Deliverable Obligation or other non-cash asset, the price or level of which determines the Redemption Amount or the Early Redemption Amount of such Note;
Reference Entity	means in respect of a Credit Linked Note, the entity named as such in the applicable Final Terms (if any are so specified or described);
Reference Obligation	means, in respect of a Credit Linked Note, each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described);

Reference Rate	means the rate specified as such in the relevant Final Terms;
Register	has the meaning given in Condition 6.4 (<i>Payment in respect of Registered Notes</i>);
Registered Global Note	has the meaning given in the Trust Deed;
Registered Notes	has the meaning given in Condition 1 (<i>Form, Denomination and Title</i>);
Registrar	has the meaning given in the Introduction to the Terms and Conditions;
Regulation S	means Regulation S under the Securities Act;
Regulation S Global Note	means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;
Related Exchange	means, subject to the proviso below, in respect of an Index relating to Single Index Notes, Basket of Indices Notes or an Underlying Security relating to Equity Linked Notes or Equity Basket Notes, each exchange or quotation system specified as such for such Index or Share in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures and options contracts relating to such Index or such Share has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however that where "All Relevant Stock Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Determination Agent) on the overall market for futures or options contracts relating to such Index or such Share;
Relevant Clearing System	means, as appropriate, Euroclear, Clearstream, Luxembourg, DTC and/or such other relevant clearing system, as the case may be, through which interests in Notes are to be held and through an account at which the Notes are to be

	cleared specified in the applicable Final Terms;
Relevant Commodity	means, in respect of a Commodity Linked Note, the commodity specified in the applicable Final Terms;
Relevant Commodity Price	means, in respect of a Commodity Linked Note, for any Pricing Date, the price, expressed as a price per unit of the Relevant Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price as specified in the relevant Final Terms;
Relevant Currencies	means those currencies specified in the relevant Final Terms which comprise each Exchange Rate;
Relevant Date	means the earlier to occur of: <ul style="list-style-type: none"> (a) the date on which all amounts due in respect of such Note have been paid, or (b) five days after the date on which the full amount of the moneys payable have been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 18 (<i>Notices</i>);
Relevant Equity Date	has the meaning given in Condition 10.1 (<i>Adjustments to Equity Linked Notes and Equity Basket Notes</i>);
Relevant Index	means in respect of a Single Index Note or a Basket of Indices Notes, the relevant index or indices identified in the applicable Final Terms as the Index or Indices pertaining to a particular Series of Notes;
Relevant Rules	means the Rules of the Relevant Clearing System;
Relevant Screen Page	has the meaning given in Condition 5.2 (<i>Interest on Floating Rate Notes and Variable Interest Notes</i>);
Relevant Stock Exchange	means, in respect of any Series of Notes, the stock exchange upon which such Notes are listed as specified in the relevant Final Terms, if any;

Relevant Tax Date	has the meaning given in Condition 12 (<i>Taxation</i>);
Repudiation/Moratorium	in respect of a Credit Linked Note, has the meaning set out in the applicable Final Terms;
Repudiation/Moratorium Evaluation Date	in respect of a Credit Linked Note, has the meaning set out in the applicable Final Terms;
Repudiation/Moratorium Extension Condition	in respect of a Credit Linked Note, has the meaning set out in the applicable Final Terms;
Restricted Note	means a Note represented by a Rule 144A Global Note or a Note issued in registered form in exchange or substitution therefore;
Restructuring	in respect of a Credit Linked Note, has the meaning set out in the applicable Final Terms;
Rule 144A	means Rule 144A under the Securities Act;
Rule 144A Global Note	means a Registered Global Note representing Notes sold in the United States to QIBs pursuant to Rule 144A;
Rules	means the Clearstream Rules, the Euroclear Rules and/or the terms and conditions governing the use of such other Relevant Clearing System as may be specified in the Final Terms relating to a particular issue of Notes;
Scheduled Closing Time	means, in respect of any Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours;
Scheduled Maturity Date	in respect of a Credit Linked Note, has the meaning specified in the applicable Final Terms;
Scheduled Trading Day	means any day on which each Exchange and each Related Exchange are scheduled to open for trading for their respective regular trading sessions;
Scheduled Valuation Date	means the original date that, but for any Disrupted Day(s), would have been the Valuation Date;

Securities Account	means the securities clearance account of a Noteholder at the Relevant Clearing System to which Notes are credited;
Securities Act	means the United States Securities Act of 1933, as amended;
Series	has the meaning given in the Introduction to the Terms and Conditions;
Settlement Disruption Event	means in relation to a Reference Asset, an event beyond the control of the parties as a result of which the Relevant Clearing System cannot clear the transfer of such Reference Asset;
Settlement Notice	has the meaning given in Condition 7.1 (<i>Redemption on the Maturity Date</i>);
Settlement Price	means, for the purposes of Condition 11.4 (<i>Minimum Board Lot</i>), the price of the Underlying Securities or Relevant Index as determined by the Determination Agent in its absolute discretion;
Settlement Rate	means, in relation to an Exchange Rate, for any Valuation Date in respect of a Maturity Date or an Early Redemption Date (as the case may be) the currency exchange rate equal to (i) the Settlement Rate specified or otherwise determined as provided in the related Final Terms or, (ii) if a Settlement Rate or a means of determining a Settlement Rate is not so specified, the Spot Rate for that Valuation Date;
Share	means an equity security;
Single Index Note	means a Note designated as such in the relevant Final Terms and where the payments in respect of which will be calculated by reference to the particular Index as specified in the relevant Final Terms and, for the avoidance of doubt, does not include Commodity Linked Notes;
Special Redemption Notice	has the meaning set out in Condition 8.3 (<i>Redemption Notices</i>);
Specified Currency	means the currency specified in the applicable Final Terms;
Specified Denomination	means the denomination specified in the

	applicable Final Terms;
Specified Price	means, in respect of a Commodity Linked Note, the price specified in the applicable Final Terms;
Sponsor	means, in relation to an Index, the corporation or entity that is responsible for setting and reviewing the rules and procedures, and the methods of calculation and adjustments, if any, related to the relevant Index;
Spot Rate	means, for any date, the exchange rate(s) determined in accordance with the method specified in the relevant Final Terms, or if not specified, the exchange rate at the time at which such exchange rate(s) is/are to be determined for foreign exchange transactions in the relevant Currencies for value on that date as determined by the Determination Agent in its absolute discretion;
Subsidiary	has the meaning given in the Trust Deed;
Substitute Guarantor	has the meaning given in the Trust Deed;
Substitute Issuer	has the meaning given in the Trust Deed;
Substitute Price	has the meaning given in Condition 10.1 (<i>Adjustments to Equity Linked Notes and Equity Basket Notes</i>);
Substitute Shares	has the meaning given in Condition 10.1 (<i>Adjustments to Equity Linked Notes and Equity Basket Notes</i>);
sub-unit	has the meaning given in Condition 5.5 (<i>Calculation</i>);
Successor Index	means a Proprietary Index or other such index that succeeds the Index;
Successor Sponsor	means a corporation or entity that succeeds the Sponsor;
Talons	has the meaning given in the Introduction to the Terms and Conditions;
TARGET Business Day	has the meaning given in Condition 5.2 (<i>Interest on Floating Rate Notes and Variable Interest</i>);

Notes);

TARGET System

means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System;

Taxes

means any tax, duty, impost, levy, charge, contribution assessment or governmental charge in the nature of taxation or any withholding or deduction for or on account thereof, including (but not limited to) any applicable stock exchange tax, turnover tax, stamp duty, stamp duty reserve tax and/or other taxes chargeable or payable in connection with any redemption of a Note and/or payment of the Redemption Amount, the Early Redemption Amount, the Credit Event Redemption Amount, the Cash Settlement Amount or the Disruption Redemption Amount (as the case may be) and/or the transfer or delivery of Underlying Securities, Deliverable Amounts or Deliverable Obligations (as the case may be) and/or the relevant Transfer Documentation (including, in the case of an Underlying Security, Deliverable Amount or Deliverable Obligation that is an equity unit, the transfer or delivery of any security comprised in such equity unit);

Tender Offer

means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent and less than 100 per cent. of the outstanding voting shares of the Underlying Company as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent deems relevant;

Tender Offer Date

means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent);

Terms and Conditions

means the terms and conditions of the Notes as set out in the Prospectus;

Trade Date	has the meaning given in the ISDA Commodities Definitions;
Trading Day	has the meaning given in Condition 9.5 (<i>Commodity Linked Notes</i>);
Trading Disruption	means: <ul style="list-style-type: none"> (a) any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange, Related Exchange or otherwise (i) relating to the Underlying Security on the Exchange, or in the case of a Single Index Note or Basket of Indices Note on any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the relevant Index or Indices, or (ii) in futures or options contracts relating to the Underlying Securities or the relevant Index or Indices on any relevant Related Exchange; or (b) in respect of Commodity Linked Notes, the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Relevant Commodity on the Exchange or in any additional Futures Contract, options contract or commodity on any Exchange as specified in the applicable Final Terms. For these purposes: <ul style="list-style-type: none"> (A) a suspension of the trading in the Futures Contract or the Relevant Commodity on any Commodity Business Day shall be deemed to be material only if: <ul style="list-style-type: none"> (i) all trading in the Futures Contract or the Relevant Commodity is suspended for the entire Pricing Date; or (ii) all trading in the Futures Contract or the Relevant Commodity is suspended

subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Relevant Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and

- (B) a limitation of trading in the Futures Contract or the Relevant Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range;

Tranche	has the meaning given in the Introduction to these Terms and Conditions;
Transaction	means a particular series of Notes;
Transfer Agent	has the meaning given in the Introduction to these Terms and Conditions;
Transfer Certificate	has the meaning given in Condition 2.5 (<i>Transfers of interests in Regulation S Global Notes</i>);
Transfer Documentation	means, for each Series of Notes, such documentation as is generally acceptable for settlement of transfer of Underlying Securities or Deliverable Obligations on the relevant Exchange or through the Relevant Clearing System including, without limitation, stock notes and/or stock transfer forms in the case of settlement on the London Stock Exchange;
Trust Deed	has the meaning given in the Introduction to the

	Terms and Conditions;
Trustee	has the meaning given in the Introduction to the Terms and Conditions;
Undeliverable Obligation	means a Deliverable Obligation included in the Deliverable Amount which on the settlement date for such Deliverable Obligation the Determination Agent determines for any reason it is impossible or illegal to deliver on such settlement date;
Underlying Company	means the company which is the issuer of the Underlying Securities specified in the applicable Final Terms;
Underlying Security	means, in relation to a particular Series of Notes as appropriate, an Underlying Share or the underlying bonds or debt securities to which such Notes relate specified as such in the applicable Final Terms;
Underlying Share	means, in relation to a particular Series of Notes, a share or equity unit to which a Note relates or in the case of a Basket of Shares a share or equity unit forming part of a Basket of Shares to which such Note relates;
United States and U.S.	means the United States of America;
U.S. person	has the meaning ascribed to it in Regulation S;
Valid Date	shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;
Valuation Date	means, in relation to a particular series of Notes, the date specified as such in the applicable Final Terms (or, (i) in relation to Equity Linked Notes, Equity Basket Notes, Single Index Notes or Basket of Indices Notes if such date is not an Scheduled Trading Day the next following day or (ii) in relation to Currency Linked Notes, if such date is not a Business Day, the next following Business Day) unless there is a Disrupted Day in respect of any relevant Underlying Security or Index on that day in which event Condition 9 (<i>Rights of the Issuer in the event of a Disrupted Day or Disruption Event</i>) will apply;

Valuation Method	means, in respect of a Credit Linked Note, the valuation method specified in the applicable Final Terms;
Valuation Time	means the time specified as such in the relevant Final Terms, or if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date or Averaging Date, as the case may be, in relation to each Index or Underlying Security to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;
Variable Interest Notes	means Notes of any Series designated as such in the relevant Final Terms and Variable Interest Note means any one of them;
Variable Note	means Equity Linked Notes, Equity Basket Notes, Single Index Notes, Basket of Indices Notes, Currency Linked Notes, Credit linked Notes, Commodity Linked Notes, Basket of Commodities Notes or Non-Standard Notes;
Volatility	means, in respect of any Exchange Business Day, the volatility (calculated by referring to the closing price of the relevant Underlying Securities on the Exchange) for a period equal to the number of days between the Announcement Date and the Maturity Date;
Zero Coupon	means non interest bearing; and
Zero Coupon Notes	means Notes of any Series designated as such in the relevant Final Terms and Zero Coupon Note means any one of them.

25. CONSTRUCTION OF PARTICULAR TERMS

Unless otherwise specified, any reference to:

- (A) persons “**acting in concert**” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company;

- (B) an “**affiliate**” means in relation to any person, a subsidiary of that person or a holding company of that person or any other subsidiary of that holding company;
- (C) an “**amendment**” includes a supplement, novation or re-enactment, and “**amended**” is to be construed accordingly;
- (D) “**assets**” includes properties, revenues and rights of every kind, present, future and contingent, and whether tangible or intangible;
- (E) “**authorisation**” or “**consent**” shall be construed as including, without limitation, any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;
- (F) a “**company**” includes any company, corporation or other body corporate, wherever and however incorporated or established;
- (G) “**continuing**” means, in relation to an event of default (however defined), not remedied or waived;
- (H) “**control**” means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise;
- (I) “**dissolution**” of a person includes the amalgamation, reconstruction (other than as part of a solvent reconstruction or amalgamation the terms of which have been approved by the Trustee), reorganisation, administration, administrative or other receivership or dissolution, liquidation or bankruptcy of that person or the entry by that person into a voluntary arrangement or composition or similar arrangement with any of its creditors, and any equivalent or analogous proceeding or arrangement in any jurisdiction by whatever name known and any step taken (including, without limitation, the giving or filing of notice in relation to the appointment of an administrator or the making of an application or formal request or the presentation of a petition or the passing of a resolution or the making of an order or any other measures as may be competent) for or with a view to any of the foregoing;
- (J) “**Euro**”, “**euro**” and “**€**” are references to the currency introduced at the start of the third state of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
- (K) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (L) “**law**” includes common or customary law, principles of equity and any constitution, code of practice, decree, judgement, decision, legislation, order, ordinance, regulation, bye-law, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, guideline, request, rule or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the

general practice of persons to whom the directive, regulation, guideline, request, rule or requirement is intended to apply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

- (M) **“liability”** includes, and **“liabilities”** include, any loss, damage, cost, charge, claim, demand, expense, judgement, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges);
- (N) a **“month”** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the month in which that period ends, the period shall end on the last Business Day in that calendar month;
- (O) a **“person”** includes any natural person, firm, company, corporation, undertaking, government, state or agency of a state, any local or municipal authority, trust, any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or other legal entity;
- (P) a **“regulation”** includes any regulation, rule, official directive, request or guideline (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of persons to whom the regulation, rule, official directive, request or guideline is intended to apply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (Q) **“rights”** includes all rights, title, benefits, powers, privileges, interests, claims, authorities, discretions, remedies, liberties, easements, quasi-easements and appurtenances (in each case, of every kind, present, future and contingent);
- (R) **“security”** or **“security interest”** includes any mortgage, charge, pledge, lien, security assignment, hypothecation or trust arrangement for the purpose of providing security and any other encumbrance or security interest of any kind having the effect of securing any obligation of any person (including, without limitation, the deposit of moneys or property with a person with the intention of affording such person a right of set-off or lien) and any other agreement or any other type of arrangement (including, without limitation, title transfer and retention arrangements) having a similar effect;
- (S) **“US dollars”**, **“U.S.\$”** and **“\$”** are references to the currency of the United States of America;
- (T) **“subsidiary”** means a subsidiary under the meaning of section 736 of the Companies Act 1985;
- (U) **“Sterling”** and **“£”** are references to the currency of the United Kingdom as at the date of this document; and

- (V) “**Japanese Yen**” and “**Yen**” are references to the currency of Japan.

26. INTERPRETATION

- (A) Words importing the singular shall include the plural and vice versa.
- (B) Unless a contrary indication appears, a reference to any party or person shall be construed as including its and any subsequent successors in title, permitted transferees and permitted assigns, in each case in accordance with their respective interests.
- (C) Unless a contrary indication appears, a reference to a time of day shall be construed as referring to London time.
- (D) Headings are for ease of reference only and shall be ignored in construction.
- (E) Unless a contrary indication appears, references to any provision of any law or regulation are to be construed as referring to that provision as it may have been, or may from time to time be, amended or re-enacted, and as referring to all bye-laws, instruments, orders and regulations for the time being made under or deriving validity from that provision.
- (F) A reference to any document is a reference to that document as amended, restated, supplemented, novated or replaced from time to time, including (without limitation) any such amendment, restatement, supplementation, novation or replacement occurring in connection with the creation or issue of or subscription for, the further Notes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used for general corporate purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

ABBEY NATIONAL TREASURY SERVICES PLC

The Issuer is a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. The Issuer was incorporated on 24th January, 1989 with registered number 2338548 and is an authorised person with permission to accept deposits under the FSMA.

The Issuer is a direct wholly-owned subsidiary of Abbey National, which has given a full and unconditional guarantee in respect of the liabilities of the Issuer and an indirect wholly owned subsidiary of Banco Santander Central Hispano, S.A. ("**Banco Santander**"). Banco Santander is able (subject to any regulatory constraints or considerations) to control the Issuer by procuring that Abbey National's votes at general meetings of the Issuer are exercised in a particular way.

The Issuer's registered office is at Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of the Issuer's registered office is 0870 607 6000.

The Issuer uses the brand name Abbey Financial Markets ("**AFM**") and falls within the Finance and Markets Division of the Group as described under "The Abbey National Group" below.

AFM comprises:

- Short Term Markets (previously known as Short-term Funding, Liquidity and Trading);
- Asset & Liability Management (previously known as Group Treasury and International); and
- Derivatives & Structured Products (previously known as Abbey National Financial Products).

AFM manages the Group's funding, liquidity and balance sheet requirements. In addition, AFM provides structured products, underpinned by its derivatives trading activities, to the Group and other UK financial services companies. It is also active in securities financing and in the International Money Markets and Capital Markets. AFM has ceased its international treasury options other than those in Stamford, Connecticut, U.S.A

As at the date hereof, the following are the members of the Board of Directors of the Issuer:

Position	Name
Directors	Nathan Mark Bostock Mark Cunliffe Jackson Brian William Morrison

The business address of each of the above is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000. None of the above has any activities outside the Group which are significant within the context of the Group.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the persons listed as members of the Board of Directors above and their private interests and or other duties.

Corporate Governance

The Issuer complies with the United Kingdom's corporate governance regime.

ABBEY NATIONAL PLC AND THE ABBEY NATIONAL GROUP

Background

Abbey National was formed as a building society in 1944 and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. Abbey National was incorporated on 12th September 1988 with registered number 2294747.

The registered office of Abbey National is at Abbey National House, 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of Abbey National's registered office is 0870 607 6000.

The Abbey National Group provides a comprehensive range of personal financial services, including savings and investments, mortgages, unsecured lending, banking, pensions, life and general insurance products to customers throughout the United Kingdom. The Abbey National Group also has offshore operations in Jersey and the USA. The Abbey National Group is regulated by the Financial Services Authority. On 12th November 2004, Banco Santander completed the acquisition of the entire issued share capital of Abbey National, implemented by means of a scheme of arrangement under Section 425 of the Companies Act 1985, making Abbey National a wholly-owned subsidiary of Banco Santander. Banco Santander is one of the largest banks in the world by market capitalisation. Founded in 1857, Banco Santander has more than 60 million customers, over 10,000 offices and a presence in over 40 countries.

Corporate Purpose and Strategy

Abbey National's ultimate purpose and goal is to maximise value for its shareholder, Banco Santander, by focusing on the provision of personal financial services in the United Kingdom. With the continuing support of Banco Santander, Abbey National aims to be the best retail bank in the UK.

Recent Developments

Abbey National announced on 7 June 2006 that it had entered into an agreement to sell its entire life insurance business to Resolution plc ("**Resolution**") for cash consideration of approximately £3.6 billion. The sale completed in the third quarter of 2006. The principal life companies sold were Scottish Mutual Assurance plc, Scottish Provident Limited and Abbey National Life plc, as well as the two offshore life companies, Scottish Mutual International plc and Scottish Provident International Life Assurance Limited.

Executive Responsibility

Following the completion of the sale of the life insurance business to Resolution, a new organisational structure was implemented with a revised set of executive responsibilities. Abbey National's management structure is headed by António Horta-Osório, Chief Executive Officer, and consists of three business divisions (Retail Banking, Wealth Management and Financial Markets) and five support divisions (Retail Products and Marketing, Human Resources, Manufacturing, Risk and Internal Audit). There are four further units - Strategy and Planning; Legal, Secretariat, and Compliance; Communications (all of which report directly to the Chief Executive Officer); and Finance, which includes Taxation (which reports directly to the Executive Director, Finance and Markets, and Human Resources).

Directors of Abbey National

The following table sets forth the directors of Abbey National plc.

<i>Position</i>	<i>Name</i>	<i>Other principal activities</i>
Chairman	Lord Terence Burns	Chairman, Glas Cymru Limited (Welsh Water); Non-Executive Director, Pearson Group plc; Non-Executive Director, Deputy Chairman, Marks & Spencer plc; and Non-Executive Director, National Institute of Economics and Social Research.
Deputy Chairman and Non-Executive Director	Juan Rodriguez Inciarte	
Chief Executive	António Mota de Sousa Horta-Osório	
Executive Directors	Nathan Mark Bostock Miguel Campos Pereira Bragança	
Non-Executive Directors	José Maria Fuster van Bendegem Jorge Morán José María Carballo Victoria E.J. Jones Andrew Henry Longhurst Rosemary Prudence Thorne Keith Spencer Woodley	Director, Compania Aseguradora Banesto Seguros. Chairman, La Union Resinera Española; Chairman, Vista Desarrollo; Director, SCH Activos Inmobiliarios; and Director, Teleferico del Pico Del Teide. Director, Vista Capital Expansion S.A. SGECR Director, Santander Real Estate S.A. S.G.I.I.C. Director, Hermes Focus Asset Management Limited. Director, Ladbrokes Plc; and Director, Cadbury Schweppes plc. Complaints Commissioner for the London Stock Exchange; and

Director, Bath University.

The business address of each of the above is Abbey National House, 2 Triton Square, Regent's Place, London NW1 3AN with telephone number 0870 607 6000.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed under "Directors of Abbey National" above and their private interests and or other duties.

Corporate Governance

Abbey National complies with the United Kingdom's corporate governance regime.

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the Relevant Clearing System. None of the Issuer, the Guarantor, the Trustee, the Dealers and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records or payments relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuer and the Guarantor that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the post trade settlement among Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry changes between Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations (“**Direct Participants**”). DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“**DTCC**”) DTC, in turn, is owned by a number of Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (“**NSCC**”, “**GSCC**”, “**MBSCC**” and “**EMCC**”, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Direct or Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the United States Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners.

Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants can receive payments and transfer their interest with respect to the DTC Notes.

Purchases of DTC Notes under the DTC System must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping an account of their holdings of DTC Notes on behalf of their customers.

Delivery of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series to be redeemed.

Neither DTC nor Cede & Co. nor such other nominee will consent or vote with respect to DTC Notes. Under its usual procedures, DTC will mail an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC or its nominee or the Issuer or

the Guarantor, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the Issuer or the Guarantor, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants. Neither the Issuer nor the Guarantor accept any responsibility or liability for any such payments to be made by DTC or by Direct or Indirect Participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer will apply to DTC in order to have each Tranche of Notes represented by Rule 144A Global Notes accepted in its book-entry settlement system. Upon the issue of any Rule 144A Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Rule 144A Global Notes to the accounts of DTC Participants. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Rule 144A Global Note will be held through Direct Participants or Indirect Participants of DTC, including the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Rule 144A Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Rule 144A Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made by the Issuer to the Exchange Agent on behalf of DTC's nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Rule 144A Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the Relevant Clearing System. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Rule 144A Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Rule 144A Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “Subscription and Sale and Transfer and Selling Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the Relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (“**Custodian**”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date. The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of crossmarket transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a delivery free of payment basis and arrangements for payment must be made separately.

DTC, Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Euroclear or Clearstream, Luxembourg or their respective Direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or

payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

TAXATION

UK Taxation

The comments below are of a general nature and are based on the Issuer's and the Guarantor's understanding of current tax law and practice as at the date of this Prospectus. They relate only to the position of persons who are the absolute beneficial owners of their Notes and do not apply to certain classes of Noteholders (such as dealers in securities) to whom special rules may apply. They are not exhaustive. They relate only to deductions from interest on the Notes of or on account of tax in the United Kingdom and do not deal with any other United Kingdom tax implications of acquiring, holding or disposing of the Notes. Prospective noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own independent professional advice.

1. The Issuer, provided that it continues to be a bank for the purposes of Section 349 of the Income and Corporation Taxes Act 1988 (“**ICTA 1988**”) and provided that the interest on the Notes which are issued is paid in the ordinary course of its business within the meaning of Section 349 of ICTA 1988 as interpreted by HM Revenue & Customs in Statement of Practice 4/96, is entitled to make payments of interest on such Notes without withholding or deduction for or on account of United Kingdom income tax.
2. Payments of interest on Notes issued by the Issuer (whether or not paragraph 1 above applies) which are “quoted Eurobonds” within the meaning of Section 349 of ICTA 1988 may be made without withholding or deduction for or on account of United Kingdom income tax by the Paying Agents. Notes will constitute quoted Eurobonds while they remain listed on a “recognised stock exchange” within the meaning of Section 841 ICTA 1988. On the basis of the Inland Revenue’s published interpretation of the relevant legislation, securities which are listed by a competent authority in a country which is a Member State of the European Union or which is part of the European Economic Area and which are admitted to trading on a recognised stock exchange in that country will satisfy this requirement.

In the UK, the UK Listing Authority is a competent authority and the London Stock Exchange is a recognised stock exchange. So long as this remains the case, securities will be treated as listed on the London Stock Exchange, and will therefore constitute quoted Eurobonds, so long as they are admitted to the Official List by the UK Listing Authority and admitted to trading on the London Stock Exchange’s Gilt Edged and Fixed Interest Market.

3. In other cases, tax may, subject to any relief available under any applicable double taxation convention, have to be withheld from payments of interest on the Notes at the rate set out in paragraph 4 below.
4. Where United Kingdom tax is withheld, it is withheld at the “lower rate” of income tax (currently 20 per cent.).
5. Any persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest. HM Revenue & Customs also has power to obtain information from any person in the United

Kingdom who pays amounts payable on the redemption of any “deeply discounted securities” for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HM Revenue & Customs’ published practice indicates that HM Revenue & Customs will not exercise its power to require this information where such amounts are paid before 5 April 2007. Such information may include the name and address of the person beneficially entitled to the amount payable on redemption. Any information obtained may, in certain circumstances, be provided by HM Revenue & Customs to the tax authorities of other jurisdictions.

6. Under EC Council Directive 2003/48/EC on the taxation of savings income (which has been implemented into UK law) each State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person to an individual in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during such period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

U.S. Taxation

The applicable Final Terms relating to any Tranche of Notes, all or a portion of which are to be offered or sold to, or for the account or benefit of, a U.S. person will set forth information regarding the U.S. federal income tax treatment of any such Notes. Investors considering the purchase of Notes should consult their own tax advisers concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other taxing jurisdictions.

Spanish Taxation

The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, redemption or reimbursement of the Notes referred to in this document for those individuals or entities who are Spanish tax resident and for persons acting with respect to the Notes through a Spanish permanent establishment. Please note that this summary is based on the general conditions set out in the Prospectus. Specific issues of Notes may, depending on the applicable Final Terms, give rise to different Spanish tax consequences than those set out here.

This summary is based on the general tax rules currently in force in Spain and, specifically, those contained in the general tax system established in the Corporate Income Tax (“**CIT**”) Law (Royal Decree Law 4/2004, 5th March 2004, as amended (“**CIT Law**”)) and in the Personal Income Tax (“**PIT**”) Law (Law 35/2006, 28th November 2006 (“**PIT Law**”)) and may not apply to those individuals or entities subject to special tax regimes (such as persons who are tax residents of those Spanish provinces which are empowered to enact their own tax rules, exempt entities, cooperatives, “look-through” entities, etc.). The principles provided below are based on

the provisions currently applicable which may be revoked or amended (even retrospectively), resulting in different tax consequences from those described herein.

If you are in any doubt regarding your tax position you should seek independent professional advice without delay.

1. Individual Income Tax

The Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 89 of the Regulations of PIT (approved by the Royal Decree 1775/2004, 30th July 2004, the “**PIT Regulations**”) and its interpretation by the Spanish tax authorities and hence the rules provided with regard to securities apply.

According to Article 25.2 of PIT Law and its interpretation by the Spanish tax authorities, the income in the form of interest obtained on the lending to third parties of funds and any other form of compensation agreed as remuneration for such lending, as well as the income arising from the transfer, reimbursement, redemption, exchange or conversion of this type of security, will be deemed income from movable property.

The net taxable income shall be determined, in the case of transfer, reimbursement, or redemption, on the difference between the transfer price and its acquisition cost. Properly justified ancillary expenses related to the acquisition or transfer of the Notes may be taken into account in order to quantify the net taxable income. Management and deposit expenses, excluding those pertaining to discretionary or individual portfolio management, are deductible from the gross income.

Exceptionally, losses derived from the transfer of the Notes, in the event that a taxpayer had acquired other similar securities within the two months prior or subsequent to such transfer, shall be included in his or her taxable base as and when the remaining similar debt securities are transferred.

The net income from movable property will be included in the special taxable base of the Noteholder at the tax rate of 18 per cent.

In general terms, income derived from the Notes is subject to withholding tax on account of the PIT of the Spanish Noteholder to the extent that a withholding agent resident in Spain or operating, in relation to the Notes, through a Spanish permanent establishment intervenes with respect to the Notes. No withholding tax will be levied by either the Issuer or the Paying Agents in relation to the Notes, since such entities are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a Spanish permanent establishment.

Nevertheless, the Spanish withholding tax may be levied, in certain cases, by financial entities and/or Spanish notaries public resident in Spain for tax purposes or which act, in relation to the Notes, through a Spanish permanent establishment, to the extent that such parties act with respect to the Notes.

2. Corporate Income Tax

Interest and income arising from the transfer, redemption or reimbursement of the Notes obtained by entities that are resident in Spain for tax purposes, will be taxed under the rules set

forth in Section IV of CIT Law. The general tax rate is fixed at 32.5 per cent for the year 2007 and 30 per cent. for the year 2008 and onwards.

In general terms, income derived from the Notes is subject to withholding tax on account of the CIT of the Spanish Noteholder to the extent that a withholding agent resident in Spain or operating, in relation to the Notes, through a Spanish permanent establishment intervenes with respect to the Notes. No withholding tax will be levied by either the Issuer or the Paying Agents in relation to the Notes, since such entities are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a Spanish permanent establishment.

Nevertheless, the Spanish withholding tax may be levied, in certain cases, by financial entities and/or notaries public resident in Spain for tax purposes or which act, in relation to the Notes, through a Spanish permanent establishment, to the extent that such parties act with respect to the Notes.

However, interest and income arising with respect to Notes listed on an official secondary market of a member country of the OECD (other than Spain) will not be subject to withholding tax, in accordance with Article 59.s) of CIT Regulations.

3. Non-Resident Income Tax; taxpayers who act through a Spanish permanent establishment

Based on the fact that the Issuer of the Notes is not resident in Spain for tax purposes, no Spanish tax should, in principle, be levied on Noteholders that are not resident in Spain for tax purposes, unless they are acting with respect to the Notes through a Spanish permanent establishment. According to the general principles of the Spanish taxation system, permanent establishments of foreign persons are taxed in a similar manner to resident entities, although some specific rules apply. Due to the complexity of this matter, foreign Noteholders acting in Spain through a permanent establishment are strongly urged to seek appropriate advice in respect of their own tax position in this regard.

4. Individuals' Net Wealth Tax

Individuals that are Spanish tax residents in accordance with the rules set forth by the PIT Law are subject to an annual Net Wealth Tax ("**NWT**") on 31st December on their total net wealth, regardless of the location of their assets or of where their rights may be exercised. NWT Law (Law 19/1991 of 6th June 1991) provides that in 2007 a progressive tax rate ranging between 0.2 and 2.5 per cent. shall apply to taxable income in excess of EUR 108,182.18, although subject to the specific rules passed by the relevant Spanish autonomous communities with respect to this tax.

In this regard, the Noteholder subject to the tax must include the Notes as taxable income at face value.

Other legal entities resident in Spain for tax purposes are not subject to the individuals' NWT.

5. Inheritance and Gift Tax

Inheritance and Gift Tax, which is governed by Law 29/1987, 18th December 1987, is levied on individuals' heirs and donees resident in Spain for tax purposes as determined by the PIT Law.

Other legal entities resident in Spain for tax purposes are not subject to this tax and any asset received by way of inheritance or gift by them will be subject to CIT.

Inheritance and Gift Tax is calculated taking into account several circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor. The applicable tax rate for 2007 ranges between 7.65 and 34 per cent. depending on the particular circumstances. Thus the tax payable could range between 0 and 81.6 per cent., although this is subject to the specific rules passed by the relevant Spanish autonomous communities with respect to this tax.

6. Indirect taxation

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty, as well as from Value Added Tax, in accordance with the exemption set forth in Article 108 of Law 24/1988, 28th July 1988.

Portuguese Taxation

The following is general summary of certain income and capital gains tax consequences which may arise to Portuguese resident Noteholders. It is included herein solely for information purposes. It is based on the laws presently in force in Portugal, though it is not intended to be, nor should it be considered to be, legal or tax advice. Furthermore, the tax treatment applicable in Portugal to the income and capital gains derived by Portuguese resident Noteholders may vary depending on the final terms and conditions of the relevant Notes. Therefore, prospective Portuguese resident Noteholders should consult their own professional advisers as to the tax implications arising from the acquisition, holding or disposal of the Notes.

1. Individuals

(A) Interest or income arising from the refund or redemption of the Notes

Income derived by Portuguese resident individuals from the Notes will, as a general rule, be subject to a 20 per cent. withholding tax if the said income is paid by a Portuguese resident entity. The Noteholders may choose to treat the withholding tax as a final tax or to tax the interest deriving from the Notes at the general progressive Personal Income Tax ("PIT") rates varying between 10.5 per cent. and 42 per cent., in which case the withholding will be treated as a payment on account of the final tax due.

In other cases, as a general rule, the Noteholders will have to include the income derived from the Notes in their PIT returns to be subject to taxation at an autonomous rate of 20 per cent..

Should the relevant Notes be deemed to be certificates that do not guarantee more than 100 per cent. of the principal, income from operations related to it (either arising from its sale prior to the redemption, or from its redemption) will be qualified as a capital gain (in this regard it should be noted that under Portuguese legislation, certificates are securities that entitle the holder to receive the value of a certain underlying asset, according to the conditions set out on the issue resolution. Certificates differ from debt securities in that they typically do not give the holder the right to receive a fixed or variable interest). In this case, the individual Noteholder will be able to choose between the taxation of the positive difference between capital-gains and losses at an

autonomous rate of 10 per cent. or to aggregate that income to the remaining income to be subject to the general PIT rates (maximum marginal rate of 42 per cent.).

Capital losses do not take part in the calculation of the balance referred in the previous paragraph when the counterpart in the operation is resident in a country or territory listed as a tax haven in order 150/2004 of February 13 ("**Tax Haven**").

(B) Capital gains arising from the transfer of the Notes

As a general rule, the capital gains obtained by Portuguese resident Noteholders on the transfer of the Notes will not be subject to taxation, provided that the Notes are deemed as bonds or as other debt instruments.

Otherwise, any capital gains derived from the transfer of the Notes (namely if they are qualified as certificates or negotiable securities other than bonds or other debt instruments) will be subject to PIT. In this case, the individual Noteholder will be able to choose between the taxation of the positive difference between capital gains and losses at an autonomous rate of 10 per cent. or to aggregate that income to the remaining income to be subject to the general PIT rates (maximum marginal rate of 42 per cent.). Capital losses do not take part in the calculation of the net capital gains when the counterpart in the operation is resident in a Tax Haven.

2. Corporate entities

As a general rule, interest or income derived by corporate entities resident in Portugal, or non-resident corporate entities with a permanent establishment in Portugal to which the income is attributable, from the refund or redemption of the Notes, as well as capital gains arising from their transfer, will be regarded as taxable income and therefore subject to Portuguese Corporate Income Tax ("**CIT**"), at a 25 per cent. tax rate, to which a municipal surcharge of up to a maximum of 1.5 per cent. is eventually added, reaching a final maximum rate of 26.5 per cent.. Losses arising from the transfer or redemption of the Notes will be, as a general rule, tax deductible.

PROSPECTIVE NOTEHOLDERS WHO ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM OR THE UNITED STATES SHOULD SEEK INDEPENDENT PROFESSIONAL ADVICE.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have in a programme agreement (the “**Programme Agreement**”) dated 28 March 2007 agreed with the Issuer and the Guarantor a basis upon which the Issuer may from time to time agree to issue Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market in the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Selling Restrictions

United States

Each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that except as permitted by the Programme Agreement, it has not offered, sold or delivered Notes and it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the relevant Tranche, within the United States or to, or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a

selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

The Notes are being offered and sold only (a) outside the United States to persons other than U.S. persons (“foreign purchasers”, which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in reliance upon Regulation S and (B) to a limited number of QIBs in compliance with Rule 144A.

Except as otherwise provided, terms used in this United States sub-section of “Selling Restrictions” have the meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Index Linked Notes and other structured Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer may agree as a term of the issuance of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is either (A) a QIB and is aware that the sale to it is being made in reliance on Rule 144A, or (B) a foreign purchaser that is outside the United States (or a foreign purchaser that is a dealer or other fiduciary as referred to above).
- (2) It acknowledges that the Notes have not been registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the Securities Act.
- (4) It will not resell or otherwise transfer any Notes within two years after the original issuance of the Notes except (A) to the Issuer or any affiliate thereof, (B) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction complying with Rule 144A, (C) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (D) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (E) pursuant to an effective registration statement under the Securities Act, in each case, in accordance with all applicable U.S. State securities laws.
- (5) It will give to each person to whom it transfers Notes notice of any restrictions on transfer of those Notes.

- (6) It understands that the Notes offered in reliance on Rule 144A or Regulation S will be represented by Registered Notes or Bearer Global Notes. Before any interest in a Regulation S Global Note or in a Rule 144A Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who is not a QIB or a foreign purchaser, the transferee will be required to provide the Issue Agent with a written certification (the form of which certification can be obtained from the Trustee) as to compliance with the transfer restrictions referred to above.
- (7) It understands that each of the Notes will bear a legend substantially to the following effect unless otherwise agreed by the Issuer and the holder of particular Notes:
- Any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered Notes, registered in the name of the registered holder thereof, or be represented by a Rule 144A Global Registered Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.
- (8) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each Definitive Registered Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED NOTE IS ISSUED, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN

EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB WHO IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND WHO HAS DULY COMPLETED AN INVESTMENT LETTER (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS DEFINITIVE REGISTERED NOTE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "OFFSHORE TRANSACTION" AND "U.S. PERSON" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

Each Rule 144A Global Registered Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE ORIGINAL ISSUE DATE HEREOF, MAY BE TRANSFERRED ONLY PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH NOTES FOR THE BENEFIT OF) QUALIFIED INSTITUTIONAL BUYERS ("QIBS") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND

MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY ONLY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHO THE SELLER REASONABLY BELIEVES TO BE A QIB THAT IS AWARE THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "OFFSHORE TRANSACTION" AND "U.S. PERSON" SHALL HAVE THE MEANINGS GIVEN TO THEM IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

Each Regulation S Global Note will bear a legend to the following effect:

"THE NOTES REPRESENTED BY THIS GLOBAL NOTE AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE ARE "RESTRICTED SECURITIES" THAT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND ONLY (A) TO PERSONS WHOM THE SELLER REASONABLY BELIEVES TO BE QUALIFIED INSTITUTIONAL BUYERS ("QIBS"), AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT, OR (B) OTHERWISE TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE NOTES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE ISSUER AND THE

REGISTRAR A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL REGISTERED NOTE OR A DEFINITIVE REGISTERED NOTE (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

FOR THE PURPOSES HEREOF, "OFFSHORE TRANSACTION" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by any Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State

and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Argentina

The Notes have not been reviewed nor approved by the National Securities Commission of Argentina (*Comision Nacional de Valores*) nor are they registered with any stock exchange or other self regulated market. Therefore, they are not allowed to be publicly offered or traded in Argentina and shall not be offered or sold, except in circumstances which do not constitute a public offering of securities in Argentina.

Brazil

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. Neither the Issuer of the Notes nor the issuance of the Notes have been or will be registered with the Comissão de Valores Mobiliários (*CVM*), the Brazilian Securities Commission. Therefore, the Dealer has represented, warranted and agreed that it has not offered or sold, and will not offer or sell the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

Chile

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither the Issuer nor the Notes have been, and will not be registered at the Chilean Securities Registry of the Superintendencia de Securities and Insurance (*Registro de Valores de la Superintendencia de Valores y Seguros*). The Notes may not be sold or offered in the Republic of Chile by means of a public offer as defined in article 4 of the Chilean Securities Market Act Number 18.045.

Republic of Italy

The offering of the Notes has not been registered by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be

offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation no. 11522 of 1 July 1998, as amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”), as amended;
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, inter alia, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in compliance with any other applicable laws and regulations.

Mexico

Pursuant to the Mexican Securities Market Law, the Notes have not been, and will not be, registered with the Mexican National Registry of Securities and may not be offered or sold publicly in Mexico. This Prospectus has not been authorised or registered under the Mexican Securities Market Law and may not be distributed publicly in Mexico.

Portugal

The Dealer has represented that the Notes might be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of November 13, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal. No offering materials will be publicly distributed in Portugal and no publicity or marketing activities related to the Notes will be conducted in Portugal unless the requirements and provisions applicable to public offerings in Portugal are met.

Spain

The Dealer has represented and agreed, that the Notes might be offered or sold in Spain by means of a public offer as defined and construed in Chapter I of Title III of Law 24/1988, of 28 July, on the Securities Act (as amended by Royal Decree Law 5/2005 of 11 March and related legislation), subject to the fulfilment of the requirements and provisions applicable to public offerings in Spain.

General

Each Dealer has severally agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuer and the Guarantor that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes and that it will not, directly or indirectly, offer, sell or deliver Notes or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the Notes in or from any country of jurisdiction except under circumstances that will to be the best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it will be made on the foregoing terms.

The restrictions on offerings may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the applicable Final Terms applicable to each Series of Notes or in a supplement to this document.

GENERAL INFORMATION

1. Incorporation

Abbey National Treasury Services plc and Abbey National plc were incorporated in England and Wales on 24th January 1989 and 12th September 1988 respectively, and with registered numbers 2338548 and 2294747 respectively.

2. Authorisation

The establishment of the Programme and the issue of Notes (with maturities not exceeding 30 years) had been duly authorised by a resolution of the Board of Directors of Abbey National Treasury Services plc dated 24 September 2003; an approval and authorisation in respect of Abbey National Treasury Services plc given by the Chief Executive Officer of Abbey National plc dated 7 February 2007; and a Programme approval and authority in respect of Abbey National Treasury Services plc given by an authorised person dated 21 March 2007. The giving of the guarantee of the Notes by Abbey National plc had been duly authorised by a resolution of the Board of Directors of Abbey National plc dated 16 September 2003; an approval and authorisation in respect of Abbey National plc given by its Chief Executive Officer dated 7 February 2007; and a Programme approval and authority in respect of Abbey National plc given by an authorised person dated 21 March 2007.

3. Listing of Notes on the Official List

The listing of Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to listing on the Official List and to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The acceptance of the Programme on the Official List in respect of Notes is expected to be granted on or around 30 March 2007.

4. Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Issuer and the Guarantor and at the specified offices of the Paying Agents save that items (iii) and (iv) will not be available at the specified offices of the Paying Agents (and items (i), (v) and (vi) will be available for collection free of charge):

- (i) the memorandum and articles of association of the Issuer and the memorandum and articles of association of the Guarantor;
- (ii) the consolidated audited financial statements of the Issuer and the Guarantor in respect of the financial years ended 31st December 2005 and 31st December 2006;

- (iv) the Programme Agreement, the Agency Agreement and the Trust Deed (which contains the Guarantee, the forms of Global Notes, Notes in definitive form, Receipts, Coupons and Talons);
- (v) this Prospectus;
- (vi) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (viii) Final Terms (save that Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity).

5. Clearing Systems

The Notes in bearer and registered form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and Common Code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Avenue J. F. Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099, United States of America.

6. Significant or Material Change

There has been no significant change in the financial or trading position of the ANTS Group and of the Group since 31st December 2006, and there has been no material adverse change in the financial position or prospects of the ANTS Group and the Group since 31st December 2006.

7. Litigation

None of the Group or ANTS Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant

effect on the financial position or profitability of the Group, the Guarantor or the Issuer and its subsidiaries.

8. Other Matters

The Issuer has received a demand from an overseas tax authority relating to the repayment of certain tax credits and related charges. Following certain modifications to the demand its nominal amount now stands at £56 million (at the balance sheet exchange rate at 31st December 2006) (2005: £57 million). As at 31st December 2006 additional interest in relation to the demand could amount to £21 million (at the balance sheet exchange rate) (2005: £17 million).

The Issuer has received legal advice that it has strong grounds to challenge the validity of the demand.

9. Auditors

The consolidated accounts of Abbey National, the Group and the ANTS Group for the years ended 31st December 2006 and 31st December 2005 were audited by Deloitte & Touche LLP, Chartered Accountants, in accordance with auditing standards and have been reported on without qualification.

The statutory accounts of the Issuer and the Guarantor for each of the two financial years ended 31st December 2006 and 31st December 2005 were delivered to the Registrar of Companies in England and Wales. The auditors of the Issuer and the Guarantor have made reports under Section 235 of the Companies Act in respect of each such set of statutory accounts for the two financial years ended 31st December 2006 and 31st December 2005 and each such report was an unqualified report and did not contain a statement under Section 237(2) or (3) of the Companies Act.

The Trust Deed will provide that the Trustee may rely on any certificate or report of the auditors or any other expert as sufficient evidence of the facts stated therein in accordance with the provisions of the Trust Deed whether or not called for by or addressed to the Trustee and whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the auditors or any other expert in connection therewith contains a monetary or other limit on the liability of the auditors or such other expert.

10. U.S. Regulatory Controls

Bearer Notes and the relevant Receipts, Coupons or Talons will bear a legend to the effect that any U.S. person holding the same will be subject to limitations under the United State income tax laws, including those under Sections 165(j) and 1287(a) of the United States Internal Revenue Code of 1986, as amended.

11. Contracts (Rights of Third Parties) Act 1999

The Contracts (Rights of Third Parties) Act 1999 (the “**Act**”) provides, inter alia, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the

applicable Final Terms to the contrary, this Programme expressly excludes the application of the Act to any issue of Notes under the Programme.

12. Post Issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any issue of Notes.

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